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# The CREDIT WORLD

Official Publication of the National Retail Credit Association

National in Name---International in Scope

November, 1936 — Vol. XXV, No. 2

## DENVER—THE CITY OF GOLD!

Denver, home of one of our oldest associations, is also the home of the U. S. (Denver) Mint, *where the largest supply of gold in the world is stored.* Always active in National Association affairs, Denver contributed the first treasurer and the third secretary of the Association, as well as a president and five directors. The National Association was first incorporated in Denver, in 1916.



Denver's Civic Center: State Capitol in foreground; new \$5,000,000 City and County Building in background (U. S. Mint just beyond).





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you receive immediate funds to speed up merchandise turnover. From the same source you can obtain data on the financing of new purchases.

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# The CREDIT WORLD

(Registered U. S. Patent Office.)

Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

November, 1936 Vol. XXV

No. 2

EDITORIAL AND EXECUTIVE OFFICES

1218 Olive Street

St. Louis, Missouri

L. S. CROWDER.....Editor  
DANIEL J. HANNEFIN.....Managing Editor  
ARTHUR H. HERT.....Research Director

G. F. O'CONNELL.....Circulation Manager  
M. E. RIORDAN.....Advertising Manager  
R. PRESTON SHEALEY.....Washington Representative

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NOVEMBER, 1936

## Methods of Installment Selling and Collection

By JOHN T. BARTLETT  
and CHARLES M. REED

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HOW to increase volume and profits  
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All are detailed in this valuable book. Two well-known authorities here give the results of a nationwide study in this field, outlining the most profitable practices of scores of companies. A book indispensable not only to every installment merchant but to every retailer who does any credit business.

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# EDITORIAL COMMENT

By L. S. CROWDER



## As True in 1936 as It Was in 1912!

**B**ECAUSE it is as true today as it was when written in 1912, we reproduce below an article from the *first issue* of The CREDIT WORLD (Volume 1, Number 1, September, 1912). It was written by S. L. Gilfillan, our first president, now popularly known as the "Father of the Association."

At that time Mr. Gilfillan was Credit Manager of the L. S. Donaldson Company, Minneapolis. He is now Secretary of the Retail Credit Association of Minneapolis and the Minneapolis Credit Service Exchange. The article follows:

While retail credit has been, in some form or other, in existence for a number of years, it has been only in the last decade or two that it has reached the prominence it now occupies, as a feature of business activity. While it is true the conditions controlling the extending of credit have been greatly improved during this period, it behooves the retail credit men to be up and stirring.

In the well-organized retail house today the credit department is recognized as equal in importance to the most important department in the organization. The credit man is a specialist to such an extent that some have ventured to class his duties as a profession. He is, however, very much handicapped as compared with those in other professions.

The doctor, for instance, has innumerable books which teach him to use certain remedies when certain symptoms exist. The chemist by his books is taught that certain conditions will produce certain results. The credit man, on the other hand, has to deal with that most uncertain of known qualities—*human nature*.

As the literature pertaining to our vocation is very meagre, we must take other steps if we are to attain the high standard the business of the future will demand of us. The question then arises: "How best can we accomplish this? Where can we secure new ideas and new inspiration in solving the problems that constantly confront us?" The answer is, *through a national organization of men now working on these same problems*.

Such an organization would be a great force toward regulating the laws pertaining to bankruptcy, the criminal prosecution of fraudulent debtors and garnishment laws, of which all are greatly in favor of the debtor.

We can, in this way, protect each other against the operations of fraudulent collection agencies and recommend reliable ones. By this means the credit record of an undesirable credit buyer may follow him from city to city as he moves about, and the fact that this condition exists, if made known to him, will be a great lever in the collection of accounts we may have against him.

There are now comparatively few local retail credit associations, but we should have one in every city of any importance in the United States.

The foregoing is only a bare outline of the benefits that can be derived and I think that any man capable of being a credit man can see without further example that such an organization will be of inestimable value, but to those who need more proof we have only to look at the wholesalers' association to be convinced. That association was organized in 1896 and now has a membership of over sixteen thousand. It was my pleasure last year to attend their National Convention, and the benefits derived and enthusiasm displayed were indeed wonderful.

In my estimation the benefits the retail credit men would derive (from organization) would be even greater than those obtained by the wholesalers, owing to the difference surrounding the extending of retail credit from that of wholesale credit. The qualifications, machinery and requirements of the retail credit man differ so materially from those of his brother in the wholesale field, that a separate organization devoted to his own particular needs seems indispensable.

It was only a few years ago that one of the largest retail merchants in the world said, "It is hardly a safe practice for two houses in the same line of business to attempt an exchange of information concerning credits." Today this house is one of the most frequent inquirers and general givers of credit information and is probably the largest retail establishment in the world. A secretive policy is doomed. At last we have learned that we cannot inclose ourselves in a shell like a snail and continue to grow.

The nature of the credit man's work is such that, if he is going to be successful, most of his time and energy must be devoted to routine duties. Under such circumstances he is apt to get narrow in his views and an organization such as this which provides for a free interchange of ideas cannot fail to inspire and broaden.

The annual convention will prove very beneficial to all who can attend. The personal contact with others in various parts of the country, the acquisition of the other fellow's viewpoint, is well worth while.

In conclusion, let me say that I am convinced we have the opportunity to build one of the greatest organizations in the country and I hope all brother credit men will cooperate with that end in view. Now let's all get behind and push. Let's bring the Retail Credit Men's Association to the high plane it deserves. You will find an application blank for membership in this issue. Fill it out and send it in and then tell the other credit men in your city why you think a membership will do them good.



# A Practical Procedure For Handling Installment Accounts

By JAMES M. MALLOY

Credit Manager, Abraham & Straus, Inc., Brooklyn, N. Y.

IN THE September, 1933, issue of *The CREDIT WORLD* there appeared an article entitled, "A Practical Due Date System for Installment Accounts." The system described in that article was installed in our store in 1932. It is still in use, and although our installment business in 1935 was over 50 per cent greater than in 1932, we were able to handle this increase with very little additional expense in our Collection Department.

Mr. Crowder, when requesting a complete write-up of our installment procedure, said, "Installment selling is one of our most important subjects, and a general article covering the acceptance of that type of business and handling it to a conclusion would be of interest to practically our entire membership." I agree with Mr. Crowder, and I'm sure that he will be glad to receive a description of any system, now used by a member, which insures a close follow-up of delinquent accounts with a reasonable operating expense.

The following is a description of the system used successfully in our store for the past four and one-half years.

*(Editor's Note: All forms mentioned in this article are reproduced on pages 4 and 5.)*

When a customer, selecting merchandise which we sell on terms, expresses a desire to open an installment account, the salesman makes out a "memo" sales check (*Form 1*) in duplicate. He hands the original copy to the customer and directs her to our Credit Office.

Upon arrival there, the customer is greeted by a reception clerk who introduces her to the interviewer. After greeting the customer, the interviewer's first question is, "Have you ever had an account with us before, Mrs. Smith?" If the answer is "Yes," no credit information is required, so the interviewer uses our small contract (*Form 2*) made out in triplicate. If the customer's previous accounts were paid promptly, the interviewer has authority to approve new contracts. If the customer's previous record was not satisfactory, he cannot decline a new contract without consulting the manager of the department.

If the customer did not have a previous account with us, the interviewer will use our large application (*Form 2B*), placing the carbon sheets so that we will obtain a complete application in duplicate, and two extra copies of the left-hand portion on which the terms are recorded (*Form 2A*). Each of these four pieces of paper plays a part in our routine.

The Conditional Bill of Sale is printed on the reverse side of the small and large application forms. Our ledger cards (*Form 3*) and our payment books (*Form 4*) are numbered in advance. The interviewer records the account number and due date on the application form and the "memo" sales check, and records the due date on the payment book.

Our due dates are 5-10-15-20-25-30. Accounts opened between the first and fifth of the month receive the 5th due date, those opened between the sixth and tenth receive the 10th due date, etc. After the interviewer has obtained all of the necessary information, he prints the customer's name and address on the front of the payment booklet

(*Form 4*) and records the terms of the contract in the spaces provided on the inside of the booklet.

It is then given to the customer, and she is asked to always bring or send it to the store when making payments. The customer is handed the original and duplicate copies of *Form 2A* and is asked to present them to the cashier with the amount of her deposit and carrying charge. The cashier retains one copy and gives the other to the customer as a receipt for the money paid.

After the cashier has balanced her day's receipts, *Form 2A*, together with the ledger card, is given to a typist who types the customer's name, residence and business address, terms and due date on the ledger card. The typist then makes an index card for our alphabetical, one-line, visible Remington-Rand Rotary Index. This card remains in the index until the account is paid in full. (All paid-up ledger cards are filed alphabetically in trays.)

The original and duplicate parts of the application blank and the "memo" sales check are turned over to the new account clerk who places the original application (*Form 2B*) and the "memo" sales check in an alphabetical "Account Pending" file. The duplicate copy of the application is sent to the Credit Bureau for a report. When the report is received, the application is withdrawn.

If the account is approved, the "memo" sales check, stamped "Approved," is sent through a tube to the selling department where a sales check is written. The original part of the sales check and the approved "memo" check are then sent to the Authorizing Department. The duplicate parts of the sales check are sent to our Packing Department with the merchandise. (We use draw-back authorizing.)

We use four National Cash Register machines for posting. Three of these are used for cash postings and one for all others. Each due date is a ledger control. The machine registers accumulate postings by controls and give us a total of postings in each control at the end of the day's business. These daily totals by controls are entered on a control sheet for monthly trial balance purposes.

So far, I have covered the taking of the application, approving the account, and the type of equipment used to record the transaction on our books. Now, we want to find out whether or not the customer is paying in accordance with our agreement.

Our ledger cards are 8 $\frac{1}{8}$  inches by 6 inches. The account number and due date are printed along the left-hand side of the visible margin (*Form 3*). After the due date, appear twenty-four squares in which are printed the letters "J"—"F"—"M"—"A," etc., designating the months of the year. If an account is opened in January, a cross is placed over the letter "J." When the February payment is received, a cross is placed over the letter "F" and so on until the account is paid in full. (*See Exhibit A.*)

If a partial payment is made, only one line of the cross is placed over the month. The cross is completed when the remaining portion of the monthly payment is received. The ledger cards are filed numerically under each date in Remington Rand Safe cabinets. On Monday, the analyst

reviews the accounts with payments due on the fifth of the month, on Tuesday, the tenth due date, on Wednesday, the fifteenth day, and so on, covering the entire list (of approximately 25,000 accounts) once every six days.

It is not necessary for us to examine each ledger card to find the overdue accounts. The analyst withdraws from the safe a tray containing about eighty accounts; at a glance she can see those accounts with payments overdue. She places a signal in the visible margin on accounts requiring a dunning notice and writes the day of the month opposite the kind of notice to be sent by the typist. (See Exhibit A.)

After the customer has received the first, second, and third notices (Forms 6, 7 and 8), the typist makes up a collection card and the account is given the personal attention of a divisional collection manager. Because we realize that an installment account with two payments in arrears usually means a troublesome account for the balance of the contract, the collection man tries to determine the reason for the delinquency before the second payment becomes due.

We "ear-mark" clothing, silverware, and jewelry accounts by using a different colored ledger card and payment booklet. We call these "ear-marked" accounts "High Hazard Risks." We give them very close attention. Advance notices (Form 5) are mailed five days before the due date on this type of account.

We have always been firm believers in knowing at all times the condition of our accounts. Our visible system which shows us at a glance those accounts that are delinquent, permits us, also, to age these accounts with very little expense. On the night of the last working day in each month, our Installment Department collection people analyze all delinquent accounts which have three or more payments in arrears.

These accounts are classified as follows:

(1) those on which a payment was made during the current month; (2) those on which the last payment was made 60 or 90 days ago; (3) those on which there has been no payment in 120 days or over; (4) those accounts in the hands of attorneys but not charged to P. & L. A month-by-month comparison of these figures, showing the number of accounts and total balances (not just arrears), gives us a clear picture of the progress being made in our Collection Department. The equipment and system we use give us fire protection day and night, a close follow-up of our accounts, and make it possible for us to age our delinquent accounts at a minimum expense.

While the primary function of a credit department is the extension of credit and the collection of accounts, a great deal more is expected from those responsible for this branch of a store's business. Much has been said and written about the credit department's opportunities to increase charge sales through well-organized promotion campaigns.

The promotion of installment sales should be and is, in every well-managed store, a very important part of the activities of the credit department. A continuous campaign of sales promotion should be carried on from day to day and advantage taken of every opportunity to "sell" merchandise and good will.

The work in the installment end of a store's credit business is much more interesting than that in the regular thirty-day account section.

This is because we have more personal contacts with our installment customers than we have with regular charge account customers. Each time a purchase is made, someone in the Credit Department, usually an interviewer, has an opportunity to talk with the customer. This personal contact gives him a splendid chance to "sell" his store.

For this reason, every interviewer should be a "salesman." Our installment terms call for a minimum deposit and monthly payment of \$5.00. When a customer opens an account with a \$25.00 purchase, the interviewer tells her that she may buy up to \$50.00 with the same \$5.00 deposit. Many make additional purchases the same day, others return a few days later to add to their accounts. Our interviewers are kept informed of special items of merchandise sold on installment terms so that they may suggest the purchase of a new rug or chair to good customers.

On the day following the final payment of an account, a letter, signed by the Credit Manager, is sent to the customer thanking her for the promptness with which payments were made. The letter tells her that her account will be kept open and that it may be used at any time. Many regular charge accounts are opened for prompt-paying installment customers.

The friendly spirit of cooperation that exists between our Installment Credit Department and the selling departments has helped us considerably in building a very profitable installment volume. By keeping in touch with buyers and salespeople, we learn their problems and they understand ours. We attend their meetings and encourage suggestions or criticisms that might help us both to do a better job. Whenever a question arises where it may be necessary to make an exception to our regular terms, the salesman knows that he and the customer will receive

	DATE	DEBIT	CREDIT	BALANCE	ACCOUNT NUMBER
1	10-2-36		7.00	7.00	769975E WPC
2	10-3-36	72.00		65.00	769975E W
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					

Exhibit "A"—Ledger Cards (Form 3)

a friendly welcome in our Credit Office and that every effort will be made to help them.

(Editor's Note: Form 2A, in the plate below, is a "foldover" duplicate of the left half of Form 2B. Form 4 is the front cover, and Form 4A the inside pages, of the customer's payment booklet. All other forms self-explanatory or explained in the text.)

Whenever it is necessary to refuse a large contract, we find time to call the salesman or buyer and review the reasons with him. If we can safely accept a smaller contract from the customer, we tell the salesman. For example, if the customer's credit is good for a \$395.00 coat and the salesman has sold her one for \$995.00, we explain this to him and he acts accordingly.

(Continued on page 28.)

Form 2A (Left Half)

Tel. No. \_\_\_\_\_ Account No. \_\_\_\_\_

Mr. \_\_\_\_\_ 193\_\_

Mrs. \_\_\_\_\_ H.L.

Miss \_\_\_\_\_ H.L.

Employer \_\_\_\_\_ H.L.

Address \_\_\_\_\_ Fulton

Purchased \_\_\_\_\_

Deposit \_\_\_\_\_

Balance \_\_\_\_\_

Carrying Charge \_\_\_\_\_

Balance due on this contract is payable in \_\_\_\_\_ month

payments of \_\_\_\_\_ due on the \_\_\_\_\_ day

of each month, beginning in \_\_\_\_\_ 193\_\_

By \_\_\_\_\_ ABRAHAM & STRAUS, Inc.

②

Form 2A (Right Half)

Tel. No. \_\_\_\_\_ Account No. \_\_\_\_\_

ABRAHAM & STRAUS, INC.

BROOKLYN

Mr. \_\_\_\_\_ 193\_\_

Mrs. \_\_\_\_\_ ②A

Miss \_\_\_\_\_ H.L.

Employer \_\_\_\_\_ H.L.

Address \_\_\_\_\_ Fulton

Purchased \_\_\_\_\_

Deposit \_\_\_\_\_

Balance \_\_\_\_\_

Carrying Charge \_\_\_\_\_

Balance due on this contract is payable in \_\_\_\_\_ month

payments of \_\_\_\_\_ due on the \_\_\_\_\_ day

of each month, beginning in \_\_\_\_\_ 193\_\_

Received Payment of \$ \_\_\_\_\_

ABRAHAM & STRAUS, Inc.

By \_\_\_\_\_

NOTE—This is only a memorandum of your purchase, and of the amount paid as carrying charge and initial payment. Your Pass Book will be mailed to you when the account has been approved.

IMPORTANT NOTE—

You can save \$ \_\_\_\_\_ by paying this account in full within sixty (60) days from date of purchase.

Form 2B (Right Half)

PREVIOUS ADDRESS \_\_\_\_\_ H.L.

PREVIOUS EMPLOYER \_\_\_\_\_ H.L.

ADDRESS \_\_\_\_\_ Fulton

EMPLOYER (MRS.) \_\_\_\_\_ H.L.

ADDRESS \_\_\_\_\_ ②B

BANK (Checking) \_\_\_\_\_ C.B.

ADDRESS \_\_\_\_\_ C.B.A.

BANK (Savings) \_\_\_\_\_ S.C.A.

ADDRESS \_\_\_\_\_ F.B.

NEAREST RELATIVE \_\_\_\_\_ J.B.

ADDRESS \_\_\_\_\_ F.I.T.

REAL ESTATE \_\_\_\_\_ R.B.

OTHER ACCOUNTS \_\_\_\_\_ A.F.D.

PERSONAL REFERENCES \_\_\_\_\_ R.O.D.

SALESMAN \_\_\_\_\_

APPROVED BY \_\_\_\_\_ DATE \_\_\_\_\_

Form 4 (Front Cover)

NOT A SALES CHECK

ABRAHAM & STRAUS, Inc.

028840

Change to \_\_\_\_\_

Street \_\_\_\_\_

Phone No. \_\_\_\_\_

①

Form 4A (Inside Pages)

ABRAHAM & STRAUS

No 76995

PAYMENT IS DUE BY THE \_\_\_\_\_ DAY OF EACH MONTH

④

Form 4A (Table)

PURCHASE	DEPOSIT	CARRYING CHARGE	MONTHLY PAYMENT	DUE DATE EACH MONTH
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				

④A

SEE BACK PAGE FOR ADDITIONAL ITEMS YOU MAY PURCHASE AT ANY TIME . . .

Form 5 (Advance Notice)

ABRAHAM & STRAUS

Fulton at Hoyt St.

Brooklyn

ADVANCE NOTICE

This is just a reminder of the amount which will become due on your convenient payment account on the date indicated below. Your prompt attention will be appreciated.

⑤

Form 6 (First Reminder)

ABRAHAM & STRAUS, Inc.

BROOKLYN, N. Y.

The payment that was due on your account on the date indicated below has not been received. We will appreciate your sending it at once.

Your co-operation in making future payments in accordance with your contract will be appreciated. Thank you.

Contract No. \_\_\_\_\_ Payment Due \_\_\_\_\_ Arrear \$ \_\_\_\_\_

⑥

Form 7 (Second Reminder)

ABRAHAM & STRAUS

Fulton at Hoyt St.

Brooklyn

SECOND REMINDER

If you have not sent us the monthly payment due on your account please do so AT ONCE. Thank you.

⑦

Form 8 (Third Reminder)

ABRAHAM & STRAUS

Fulton at Hoyt St.

Brooklyn

THIRD REMINDER

Please send us your remittance now so that it will not be necessary for us to transfer your convenient payment account to our Collection Department. Thank you.

⑧



# Telautographs—Stores to Bureau Solve Many Problems

*They Speed Up Opening of New Accounts—Eliminate Expense  
Help to Increase Sales—Give Confidence to Credit Managers*

AND

Destroy All Chances of Friction  
Between Stores and Bureau!!

**A Prominent Bureau Manager Says:**

(He is too modest to permit his name to be published)

“You will be successful if you will keep after the retailer and sell him along the lines of a true copy of the file information in particular that he receives from his local bureau. Also, the time saving and the speed with which he does receive credit reporting, while at the same time avoiding interruptions among the clerks of the credit department. I would say that the telautograph has done one thing very important to a credit bureau and that is, it has exposed some things that were merely words before but actions now have proved to the credit department that many of the complaints emanating from one or the other are fast being placed in the discard. It works both ways, the bureau can point out to the user just as readily as the user has pointed out to the bureau who, if anyone at all, was to blame. The telautograph is keeping the employees of both on their toes and any credit manager who wants to extend credit to doubtful cases can still exercise that right, but be doing it at the same time with his eyes open. It also enables him, in the event of opening an account at the time, to prove that the file report was satisfactory should it be otherwise at a later date and he is justified merely by producing the report he obtained at that time.”

Why Continue to Depend on Oral Reports With No Record  
OR  
Slow Written Reports (Messenger Service) Which Delay Sales?

**SINCE OCTOBER FIRST**

(And to October 20th)

**6 New Stores Have Ordered Telautograph-Bureau Service**

LIVINGSTON BROS., San Francisco  
MONTGOMERY WARD & CO., Peoria  
COLONIAL FINANCE CORP., Providence

FRANKLIN SIMON & CO., New York  
PEREL & LOWENSTEIN, INC., Memphis  
C. NISS & SONS, INC., Milwaukee

**We Are Now Serving 178 Stores Connected to 33 Bureaus!!**

**Ask for G. B. 36 and Send for Our Man Now! No Obligation—of Course**

**TELAUTOGRAPH CORPORATION**

(45 BRANCH OFFICES IN U. S. A. AND CANADA)

**Factory and General Offices: 16 West Sixty-First St., New York City**



# Prompt Collections-- Lifeblood of Business

By J. R. JOHNSON

Secretary-Treasurer, Schaer-Norvell Tire Co., Little Rock, Ark.  
Director, Seventh District, National Retail Credit Association



**D**O PROMPT collections build business? I take the position promptness in collections is a business builder, provided:

1. The manager of credit sales is competent. 2. The proper procedure is followed by the credit department in the opening and collection of accounts. You can readily understand that, without these requirements, prompt collections are difficult and, if attained at all, might result in tearing down rather than building up a business.

Based on the foregoing requirements, there is one statement that can be made without fear of contradiction, and that is "Prompt collections build business." It is a statement of fact that even the most liberal-minded or the most pessimistic could not find enough points against it to take issue with you. And for that one reason alone the subject is extremely difficult to talk about. You make the statement, "Fresh air and sunlight are good for a child," and everyone says, "Well, what of it?" And so it is with making the statement, "Prompt collections build business."

But— isn't it strange how many children grow up without the aid of much air and sunlight? "Well," you say, "they probably live in a large city where there is very little of either." But in that same city they spend thousands of dollars annually on parks and playgrounds so these same children may enjoy those things. The difference is, *it takes a little effort to get it.* And, every often, "a little effort" is the difference between a prompt paying account and a slow one! As this same child learns to walk, with or without the aid of sunlight, so are we, in the credit profession, learning about collections—some with, and some without, the benefit of a prompt collection policy.

In the beginning, necessity created the position of credit manager. In smaller businesses, these duties were assigned to the bookkeeper, and in larger businesses, a young man was taken out of the office and told he was the "Credit Manager." Incidentally, he was told what to do, in about everything he did! The sale was made, especially if it was a large one, regardless of his views on the subject. And then, when the great payoff came, through the years of 1930-1933, he joined the largest army any nation ever had: The army of unemployed.

There was a great lack of understanding between the directors and the credit department. Sales promotion policies were put in force without consulting the credit manager, mixed with a goodly portion of "I wouldn't bother that account if I were you." He was asked to operate his department on a budget—inadequate even for his own salary, to say nothing of his employees and other expenses.

At the close of the year, he went through the ledgers and picked out enough accounts to charge off to total about one-half of 1 per cent of the open credit sales for the year, and those were the "Profit and Loss Accounts." Without benefit of his advice, a large number of these accounts were placed on the books and he was forced to use this method to save his own hide.

Then, on the other hand, did the credit manager know what it was all about? Did he make an honest effort to understand the business from an accounting viewpoint? In many instances, he was prone to listen to the buyers' vivid stories of what a "good buy" they made, and of the tremendous mark-up in their departments.

But let us analyze that "buy." First, the goods are purchased, and the invoice must be paid within the discount period, so the money must be available to pay it. From the time the merchandise is received until it is sold *and collected for*, the expense is reflected in the cost of doing business, with these exceptions:

The cost of doing business, on the Profit and Loss statement, does not reflect the investment in "inventory turnover," "accounts receivable turnover" or "the risk involved in operating the business."

*(A fair average for inventory turnover may be four times a year. The retail credit survey for the year 1935 made by the United States Department of Commerce, reported the open credit accounts receivable as outstanding 65 days. Statistics show us the average life of all corporations is about ten years, that of partnerships and proprietorships much lower.)*

While the Profit and Loss statement does not show this expense, it is possible to figure it. A good many firms figure a fair rate of interest on their investment and charge it as an expense; they rightly figure they could take the money represented in the investment of the business and buy government securities, and make that amount with the minimum of risk.

So when you take the cost of the merchandise, add to it the cost of doing business, the additional cost of inventory-and-accounts-receivable turnover, plus the element of risk—then what per cent of the sale is *net* profit? That is easily answered.

Now we begin to see the true picture of why an account should be opened properly—why the credit manager is entitled to ask questions of the applicant—and why he is entitled to a voice in the operation of the business. The directors are beginning to realize this is true—that the departments must be united to stand. For, divided, they

*(Continued on page 31.)*



# The CREDIT CLINIC

... A "give-and-take" page, wherein readers may ask—and answer—questions about their credit and collection problems and solve them in the laboratory of practical experience ...

## Methods of Auditing and Billing Charge Sales and Cash Receipts

WE ARE trying," wrote a member recently, "to get an analysis of the various systems being used for auditing and billing charge sales and cash receipts, with the thought in mind that it is possible for us to cut down the time between our original charge sale and our posting of this transaction on our permanent ledger record.

"We are interested in knowing the practice of other stores on the separate operations of auditing and billing procedure. We wonder whether you could help us in getting together accurate figures on some of the following questions." (Editor's Note: The questions are shown—with the answers—in the analysis below.)

Our RESEARCH DIVISION, to secure the desired information, sent a questionnaire to 87 department stores, of which fifty (57.5 per cent) replied. A summary analysis of the questions and replies follows:

1. How much time does it take to complete the audit on the day following the sale?

TIME	No.	PER CENT OF TOTAL
2 hours	1	2.2
3 hours	6	13.0
4 hours	9	19.6
5 hours	3	6.5
6 hours	8	17.4
7 hours	4	8.7
8 hours	3	6.5
All day	10	21.7
1½ days	2	4.4
<b>TOTAL</b>	<b>46</b>	<b>100.0</b>

2. Do you use a Pre-audit, Post-audit, or Punch card system?

SYSTEM	No.	PER CENT OF TOTAL
Pre-audit	35	72.9
Post-audit	8	16.7
Punch card	5	10.4
<b>TOTAL</b>	<b>48</b>	<b>100.0</b>

3. What short cuts have you devised to speed up auditing time?

(Detailed information on this in next issue.)

4. Do you use a night force to complete the audit before the store opens the following morning?

FORCE USED	No.	PER CENT OF TOTAL
Yes	2	4.0
No	48	96.0
<b>TOTAL</b>	<b>50</b>	<b>100.0</b>

### REMARKS:

Store No. 23 (Ill.): "Saleschecks are punched on tabulating cards and balanced. One man works all night running off on tabulator. Tabulating machines are utilized day and night, thus minimizing cost."

Store No. 24 (Mich.): "We use a night force to start the work only."

Store No. 26 (Ohio): "We use a night force to complete the audit before store opens the following morning only on the last day of the month."

5 (a). What is the average lapse of time between the sale and the posting of the sale?

TIME	No.	PER CENT OF TOTAL
Same day	2	4.0
One day	21	42.0
Two days	16	32.0
Three days	8	16.0
Four days	2	4.0
Five days	1	2.0
<b>TOTAL</b>	<b>50</b>	<b>100.0</b>

### REMARKS:

Store No. 17 (Ky.): "The lapse of time between the sale and the posting of the sale is sometimes four days in our store. We frequently post several days' charges at one time."

Store No. 18 (Ky.): "Our average time is four days due to the billers grouping a number of days' postings."

5 (b). What is the fastest and the slowest record with which you are familiar?

Fastest—same day. Slowest—four or five days.

6. Do you use stuffers other than your regular billers?

STUFFERS USED	No.	PER CENT OF TOTAL
Yes	19	38.0
At peak times	6	12.0
No	25	50.0
<b>TOTAL</b>	<b>50</b>	<b>100.0</b>

7 (a). Do you use double shifts in your billing and auditing departments during rush seasons?

DOUBLE SHIFTS USED	No.	PER CENT OF TOTAL
Yes	3	6.0
Some extra help	8	16.0
No	39	78.0
<b>TOTAL</b>	<b>50</b>	<b>100.0</b>

### REMARKS:

Store No. 12 (N.C.): "We use salary plus bonus system—quota 500 per day (tickets) for \$15.00 per week. If stuffer is put in by department, quota increases to 625 per day and if tickets are run and totals predetermined, etc., quota increases another 125 postings per day per operator. In other words, quota is increased to take care of any extra help of any kind. We consider our plan very successful indeed."

(Continued on page 29.)

# 4,000 Miles--On Worthless Checks!

**O**RCHIDS to James D. Hays, General Manager of the Harrisburg Credit Exchange, Harrisburg, Pa., for following the trail of a "bad check" passer for 4,000 miles—a trail that ended in the Indiana State Prison!

The story (and—apologies to Graham McNamee—"Oh, boy, what a story!") runs thusly:

Paul C. Sparks (using the name of Robert E. Burton) opened an account (August 10, 1936) in the Capital Bank & Trust Company of Harrisburg, with \$50.00 in cash. Claiming to be a new state employee, he used his Florida license cards as identification.

Later he withdrew \$49.00 from this account, in four or five personal withdrawals at the bank. (The remaining dollar went to a local auto supply house.)

Then "the trail" began. We quote from the Harrisburg *Bulletin*:

The following dates are when checks arrived at the local bank:

Aug. 21—Four checks arrived from Philadelphia, each for \$10.00 (from four different stores).

Aug. 24—A \$10.00 check arrived from Wilkes-Barre, Pa.

Aug. 25—One \$10.00 check from Binghamton, N. Y.

Aug. 28—One check of \$10.00 from Binghamton and one check of \$15.00 from Utica, N. Y.

Aug. 27—Seven checks, each \$10.00, from Buffalo, N. Y.

Aug. 27—Hays requested State Police to send out teletype warning to Pennsylvania, New York, New Jersey and Ohio. (This was done and a follow-up to previous letters sent by Hays to warn bureaus in above cities.)

Aug. 28—One check of \$3.98 from Buffalo and three checks of \$10.00 each from Rochester.

Aug. 31—Three checks of \$10.00 each from Erie, Pa., dated 8/28. Hays called Cleveland Bureau (9:20 A.M.) to warn them and requested them to warn other Ohio cities.

Sept. 2—A \$10.00 check in from Erie, Pa., dated 8/28. Also a \$10.00 check from Akron, Ohio, same date. Hays again wired Cleveland to watch for check artist in Ohio.

Sept. 3—Six checks arrived at the bank (from Canton, Akron and Columbus, Ohio). Hays again requested State Police to send teletype warning to Ohio, and repeated request to Ohio Bureaus to make every effort to apprehend Robert E. Burton.

Sept. 4—A \$10.00 check from Columbus, O., dated August 31. Upon receipt of this check Hays wired the Bureau in Columbus.

Sept. 8—Check of \$10.00, also check of \$10.94 from Cincinnati, O. (Hays sent special warnings to 16 bureaus in as many cities.)

Sept. 9—Two checks arrived each dated Sept. 3, each for \$10.00—one from Terre Haute, Ind., and the other from Indianapolis, Ind. Also two \$10.00 checks from St. Louis, dated Sept. 5.

Sept. 11—Three checks arrived (each dated Sept. 5 and each for \$10.00) from St. Louis.

Sept. 28—A check of \$10.00 arrived from Jacksonville, Fla.

Sept. 29—Four more checks arrived, each \$10.00. (One from Jacksonville, Fla., and three from Atlanta, Ga.) These checks dated Sept. 25.

The following telegram sent to the Manager of the Atlanta Bureau: "Refer Our Warning R. E. Burton September Ninth Passed Checks Your City September Twenty-fifth."

This was followed by a telegram to Richmond, Va., Bureau: "Refer Warning September Ninth Robert E. Burton Checks. Watch. In Atlanta Twenty-fifth Three Checks."

Through the help of the bank officials, each firm to whom a check was given was sent a copy

of our September 9th warning and a letter asking the method used by Burton to put over his checks.

Sept. 30—A \$10.00 check arrived from Atlanta, Ga., dated Sept. 24, deposited Sept. 28; another for \$10.00 dated Sept. 26, deposited Sept. 28.

Oct. 1—A \$10.00 check arrived (dated Sept. 26) from Atlanta, Ga. On the back of the check was a notation showing that Burton showed driver's license and bank book and referred to Shady Rest Tourist Home.

Oct. 1—We received the Richmond, Va., Bulletin showing that they had put out another warning to their members about R. E. Burton being in Atlanta, Ga.

Oct. 3—Received the following letter from manager of (name deleted) Bureau:

"I appreciate your letter of September 29, and regret that we did not apprehend Robert E. Burton while he was here. We did our part by issuing a warning but as you pointed out in your bulletin, *merchants appear to be very easy victims when up against a bad check artist of a professional nature.*"

Oct. 3—The following checks arrived at the local bank: One dated Sept. 27, for \$10.00 from Knoxville, Tenn. Also a check dated Sept. 28, \$10.00, from Louisville, Kentucky.

This is the first time in our experience of nearly fifteen years that any check worker stuck so long with a single bank and a single name. Usually they change banks and names in almost every city they intend to victimize.

We have studied our state maps and have tried to anticipate his next move by forwarding warnings to those cities. We have been right in our guesses a number of times but that did not take this professional out of circulation up to this writing (Saturday, October 3). *He has traveled nearly 4,000 miles by the use of worthless checks.* This is based on a rough estimate of his route according to the R. E. Burton trail of checks.

About this time things began to happen! On October 6, the Chief of Police of Indianapolis notified the Chief of Police of Harrisburg that Paul C. Sparks, alias Robert E. Burton, was being held for forgery. Hays immediately notified all interested bureaus.

And the end of the story is told in the telegram reproduced below. *Our compliments to James D. Hays!*

*Silver Anniversary Convention—National Retail Credit Association—Spokane, Wash., June 15-18, 1937. Plan now to attend.*

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE		
<b>CLASS OF SERVICE</b> This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.	<b>WESTERN UNION</b> H. B. BROWN PRESIDENT GEORGE CARLTON MANAGER OF THE GROUP J. C. WILLOUGHBY CHIEF TELETYPE OPERATOR	<b>SYMBOLS</b> DL = Day Letter NM = Night Message NL = Night Letter LC = Deferred Cable NLT = Cable Night Letter Ship Radiogram
The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination. Received at 227 Walnut St., Harrisburg, Pa. 2131		
1936 OCT 27 PM 4 08 GA 148 22' COLLECT-INDIANAPOLIS IND 27 243P		
JAMES D HAYS MANAGER HARRISBURG CREDIT EXCHANGE HARRISBURG PENN. RETEL PAUL I SPARKS ALIAS R E BURTON SENTENCED YESTERDAY FOR TERM TWO TO FOURTEEN YEARS INDIANA STATE PRISON CHARGE FORGERY. MICHAEL F MORRISSEY CHIEF POLICE.		
WESTERN UNION GIFT ORDERS ARE APPROPRIATE GIFTS FOR ALL OCCASIONS		



# September Trends--A Fast-Reading Review

... The barometer of retail business -- a nation-wide cross section of facts and opinions on retail collections and credit sales for September, 1936, as compared with September, 1935, compiled by  
Research Division -- National Retail Credit Association ...

**I**MPROVEMENT in general business conditions and increased employment were given as the reasons for the increase of 5.5 per cent in collections and 13.9 per cent in credit sales for September above September, 1935. Temporary shutdowns (due to the taking of inventories) in industrial plants retarded retail business temporarily in several cities located in the Middle West.

## High-Lights for September

65 Cities reporting.  
19,743 Retail stores represented.

### COLLECTIONS

56 Cities reported increases.  
5.5% Was the average increase for all cities.  
35.0% Was the greatest increase (Aberdeen, Wash.).  
9 Cities reported decreases.  
12.0% Was the greatest decrease (Detroit, Mich.).

### CREDIT SALES

62 Cities reported increases.  
13.9% Was the average increase for all cities.  
60.0% Was the greatest increase (Aberdeen, Wash.).  
3 Cities reported no change.  
..... No cities reported decreases.

*Augusta, Me.*, reported an increase of 8.0 per cent in collections and 10.0 per cent in credit sales due to an improvement in general business conditions and summer tourist business. There is more confidence apparent, especially since the Maine state election. Factories and mills are running full time in order to fill large orders in *Lewiston, Me.* Sales of automobiles and furniture have in-

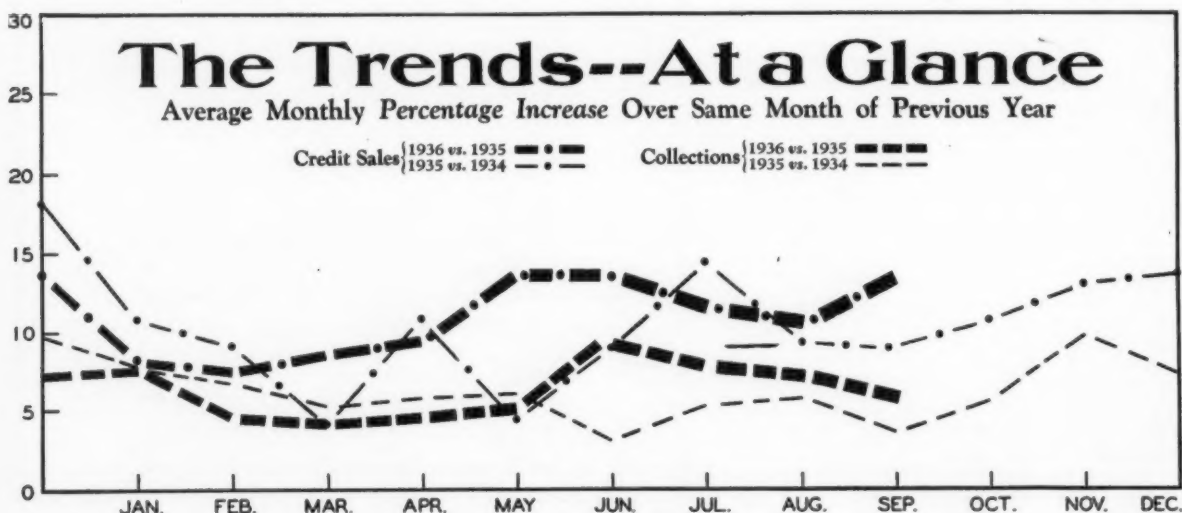
creased considerably. . . . *Manchester, N. H.*, reported shoe factories and other lines operating substantially ahead of 1935.

General improvement in business conditions resulted in substantial increases in collections and credit sales for all cities in the *New York* and *Pennsylvania* area reporting their collections and credit sales trends.

"Above-normal" business conditions and good wages accounted for a 25.0 per cent increase in collections and a 40.0 per cent increase in credit sales for *Fort Lauderdale, Fla.* September, usually a dull month, was one of the best so far this year. Building permits aggregated \$100,000 within the city limits during the past 30 days. . . . A general improvement in business conditions resulted in increases in collections and credit sales in *Jacksonville, Fla.*, and *Charleston, S. C.*

A decrease in unemployment and an increase in wages resulted in a 5.0 per cent increase in collections for *Lexington, Ky.* While retail trade was practically at a standstill for the first 15 days of September due to the extreme heat, business picked up during the latter part of the month. . . . *Joplin, Mo.*, reported a decrease of 3.0 per cent in collections, due to hot weather and vacations. Credit sales were unchanged during September. . . . Collections increased 5.0 per cent and credit sales 22.0 per cent in *St. Louis* for September—one store reporting an increase in credit sales of 48.0 per cent. These increases were attributed to better business conditions and seasonal buying.

*Decatur, Ill.*, reported an increase in collections and credit sales due to: (1) improved farm conditions, (2) public buying better merchandise, (3) purchasing of household necessities that has been withheld for some time. . . . *Evansville, Ind.*, reported a 29.3 per cent increase in credit sales due to better working conditions and activities of the WPA and the PWA. Automobile and refrigerator factories, however, are temporarily closed down for new models and taking of inventory. Increases in collections and credit sales in *Muncie, Ind.*, were attributed to the resumption of work in local factories which have been





temporarily closed for some time due to taking of inventory. . . . Likewise, taking of inventory at the auto plants in *Bay City, Mich.*, resulted in a decrease of 1.0 per cent in collections while credit sales remained practically unchanged. . . . Collections increased 13.0 per cent in *Toledo, Ohio*, as a result of increased credit sales during the past several months. Employment has increased and there seems to be more confidence for the future.

Collections and credit sales were fair to good in *Cedar Rapids, Ia.*, and *Omaha, Neb.*

Collections increased 5.9 per cent and credit sales 17.5 per cent during September in *Tulsa, Okla.*, men's clothing stores reporting the greatest increases in credit sales. . . . Collections and credit sales continue to increase in *Texas*. *Borger* led in collections (an increase of 16.0 per cent). *Amarillo* led in credit sales with an increase of 27.7 per cent. *Corpus Christi* reported a better cotton crop than last year and increased oil activities. Money is plentiful and there is more certainty of employment.

*Denver, Colo.*, reported: "Retail business seems very good here. Credit sales, however, show an increase somewhat out of line with collections." *Greeley, Colo.*, states: "This district has harvested many diversified profitable cash crops this season. Seasonal collections should be the best in several years." . . . Continued employment and higher prices received for food products resulted in a 5.0 per cent increase in collections and 10.0 per cent increase in credit sales in *Cheyenne, Wyo.*

An increase in employment and higher prices for farm

products also stimulated collections and credit sales in *Lewiston, Ida.* . . . *Aberdeen, Wash.*, reported the greatest increase in collections and credit sales for all cities reporting for the month of September. There has been a considerable increase in the lumber, shingle and plywood business and more employment in the paper and pulp mills. Also, farmers and dairymen are getting better prices for their products.

Normal seasonal increases in collections and credit sales were reported for *Santa Barbara, Calif.* *San Francisco*, however, reported an increase of 15.0 per cent in credit sales.

An improvement in general business conditions resulted in increases in credit sales in *Victoria, B. C.*, and *London, Ont., Canada*. The public seems to be very optimistic regarding the future.

### Lawrence (Mass.) Credit Group Holds Fall Dinner Meeting

The fall dinner meeting of the Lawrence (Mass.) Credit Service Exchange, held October 22, had a record attendance. Joseph R. Guilfoyle, the president, introduced the guest speakers: Alexander J. Guiffanti, Vice-President of the Springfield (Mass.) National Bank, and Fred R. Cooksey of Lynn, Mass., a Director of the National Association.

## Comparative Reports--By Cities--September, 1936, vs. September, 1935

District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease
1. Augusta, Me.	Fair	+ 8.0	Good	+10.0
Lewiston, Me.	Good	+ 3.0	Good	+ 5.0
Boston, Mass.	Good	+ 2.5	Good	+ ...
Lynn, Mass.	Good	+ 1.3	Good	+ ...
Worcester, Mass.	Fair	+ 4.1	Fair	+ ...
Manchester, N. H.	Fair	+ 5.0	Fair	+ 8.0
Providence, R. I.	Fair	+ 2.0	Good	+12.0
Average	Fair	+ 3.9	Good	+ 8.7
2. New York, N. Y.	Fair	- 0.1	Fair	+ ...
Syracuse, N. Y.	Good	+ 2.6	Good	+ ...
Utica, N. Y.	Good	+ 2.0	Good	+10.0
Erie, Pa.	Good	+ 3.0	Good	+15.0
Pittsburgh, Pa.	Good	+ 9.0	Good	+10.0
Reading, Pa.	Good	+ 5.0	Good	+ 5.0
Average	Good	+ 3.6	Good	+10.0
3. Baltimore, Md.	Good	+ 1.9	Good	+ ...
Charleston, W. Va.	Good	+ 3.2	Good	+ 7.1
Average	Good	+ 2.5	Good	+ 7.1
4. Fort Lauderdale, Fla.	Good	+25.0	Good	+40.0
Jacksonville, Fla.	Good	+10.0	Good	+10.0
Charleston, S. C.	Good	+15.0	Good	+20.0
Average	Good	+13.3	Good	+23.3
5. Little Rock, Ark.	Good	+ 1.4	Good	+ ...
Lexington, Ky.	Fair	+ 5.0	Fair	No chg.
Joplin, Mo.	Fair	- 3.0	Fair	No chg.
St. Louis, Mo.	Good	+ 5.0	Good	+22.0
Average	Good	+ 2.1	Good	+ 7.3
6. Decatur, Ill.	Fair	+ 3.0	Fair	+ 4.0
Joliet, Ill.	Good	+ 5.0	Good	+ 5.0
Evansville, Ind.	Fair	+ 0.5	Good	+29.3
Muncie, Ind.	Good	+10.0	Good	+20.0
Bay City, Mich.	Fair	- 1.0	Fair	No chg.
Detroit, Mich.	Fair	-12.0	Good	+ 4.6
Grand Rapids, Mich.	Good	+ ...	Good	+10.0
Mount Clemens, Mich.	Fair	+15.0	Fair	+13.0
Cincinnati, Ohio	Good	+ 7.8	Good	+12.1
Cleveland, Ohio	Good	+ 3.6	Good	+ ...
Toledo, Ohio	Good	+13.0	Good	+25.0
Milwaukee, Wis.	Good	- 0.6	Good	+ ...
Average	Good	+ 4.0	Good	+12.3
7. Cedar Rapids, Ia.	Good	+ 4.0	Good	+ 9.0
Davenport, Ia.	Good	+ 1.2	Good	+ ...
Des Moines, Ia.	Fair	- 2.4	Good	+ ...
Duluth, Minn.	Good	- 0.2	Good	+ ...
St. Paul, Minn.	Fair	- 0.1	Good	+ ...
Omaha, Neb.	Fair	+ 5.0	Good	+ ...
Average	Fair	+ 1.2	Good	+ 9.0
8. Tulsa, Okla.	Good	+ 5.9	Good	+17.5
Amarillo, Tex.	Good	+15.8	Good	+27.7
Austin, Tex.	Good	+ 5.0	Good	+15.0
Borger, Tex.	Fair	+16.0	Fair	+ ...
Corpus Christi, Tex.	Good	+10.0	Good	+12.0
Fort Worth, Tex.	Good	+ 4.8	Good	+17.8
Houston, Tex.	Good	+ 8.4	Good	+15.6
Average	Good	+ 9.4	Good	+17.6
9. Denver, Colo.	Good	+ 2.0	Good	+15.0
Greeley, Colo.	Good	+ ...	Good	+ ...
Salt Lake City, Utah	Good	+ 1.4	Good	+13.1
Casper, Wyo.	Good	+ 1.0	Good	+ ...
Cheyenne, Wyo.	Fair	+ 0.5	Fair	+10.0
Torrington, Wyo.	Fair	+ 5.0	Fair	+ 5.0
Average	Good	+ 1.9	Good	+10.8
10. Lewiston, Ida.	Good	+12.5	Good	+15.0
Portland, Ore.	Good	+ 5.1	Good	+ ...
Aberdeen, Wash.	Good	+35.0	Good	+60.0
Spokane, Wash.	Good	+ 3.6	Good	+ ...
Walla Walla, Wash.	Good	+30.3	Good	+38.4
Average	Good	+17.3	Good	+37.8
11. Los Angeles, Calif.	Good	+ 3.4	Good	+ ...
San Francisco and Oakland, Calif.	Good	+ 1.2	Good	+15.0
Santa Barbara, Calif.	Good	+ 4.0	Fair	+ 2.0
Average	Good	+ 2.8	Good	+ 8.5
12. Vancouver, B. C.	Fair	- 2.5	Fair	+ ...
Victoria, B. C.	Good	+ 2.0	Good	+ 5.0
London, Ont.	Good	+ 7.0	Good	+ 8.0
Average	Good	+ 2.1	Good	+ 6.5

# CREDIT DEPARTMENT LETTERS

By DANIEL J. HANNEFIN

**L**AST month, by way of change, we gave you a page of "selling" letters. This month it is "inactive account" letters. For now, if ever, should be a profitable time to use them.

Sales are on the up-grade. Holiday buying will soon be in full swing. And if you don't get your inactive customers (lost customers, I prefer to call them) back to *your* sales counters, some other store will reap the benefit!

Most stores don't take this matter of inactive accounts seriously—rather, they don't seem to realize that the turnover in accounts is a serious matter.

If you saw a competitor come into your store and lead a customer away, just when she was in the act of making a \$50.00 purchase, you would make a "mighty howl," wouldn't you? Yet that is approximately what happens when a customer drifts away from you in the ordinary course of business!

There has been much controversy over this matter of inactive account letters. Many good credit executives maintain that too many such letters assume that the store has been at fault some way. It's the wrong attitude, they say.

Actually, it usually isn't something that the store *has done* that causes customers to drift. It's something it *hasn't done*. Often, it is because the store *hasn't held the customer's interest!* And, too often, it's because the customer has been taken for granted—*too much*.

If most stores displayed as much interest in their charge customers *while they are on the active list* as they do when they become inactive, there wouldn't be an "inactive account problem."

Did you ever make an analysis, in your own store, of the average yearly purchases of your charge customers? Did you ever make an actual cost study of what it really costs you—in advertising, in solicitation letter expense, in credit interviews, in credit bureau reports—to put that charge customer on your books?

If you ever do that, you will have a new appreciation of the need for bringing back lost customers. Especially when you realize that your ledgers contain the names of almost as many inactive as active customers!

On the next page are four good ideas for use on inactive accounts. *Figure 1* cleverly combines the inactive account solicitation with a "re-selling" idea: Many customers who have dropped the charge account because lump-sum payments were found too burdensome would welcome the divided payment idea. (That would solve a lot of collection problems, too.)

*Figure 2* is an exceptionally good letter, using the selling angle in an effort to recapture lost interest. Note the closing paragraph: "Your account is open and available for immediate use."

*Figure 3* is an excellent adaptation of our "Halfway" letter, handling the possibility of a grievance delicately and with dignity. Whether or not the customer had a complaint, she would appreciate the sincere intent of that letter.

*Figure 4* is another variation of the use of inactive statements. It has enough humor and attention value to make it well worth while. Note the afterthought: "You must need something now."

*Figure 5* is a printed collection notice, included here because it shows a new way of stressing overdue accounts: Showing balances by months along the right margin.

Now, *please*: Next month, we would like to show a page of "good will" letters—letters that, sent out around the close of the year, express the greetings and thanks of the store. If you have such a letter, will you send it to me—*early*—please?

## Here's the "Paved Road" to Profit Volume

**No credit department is stronger  
than the store it serves**

That's why it pays the credit manager and his assistants, as well as other store executives, to consider the fundamental profit-producing process of retailing in entirety.

A searching analysis of how the retail store produces its finished product of profit, and a clear description of the practical use of sound fundamentals in taking the "paved road" to maximum profit volume at your store are between the covers of

## Methods of Retail Management

(1936 Edition)

By WILLIAM E. KOCH

Business Counselor—Lecturer in Independent Retail Store Management, University of Southern California, Los Angeles.

**Its worth to you is truly great, but it  
costs you only \$3.00**

Order From

**National Retail Credit Association**

1218 Olive St.

St. Louis, Mo.

# Mandel Brothers Chicago

October 15, 1936

Dear Mrs. Smith:

You may have thought that because this store is large we did not miss your patronage, but we have. That you have not used your account for some time gives us deep concern. If we have failed to please or satisfy you, we wish you would tell us, for it is only through the criticism of our patrons that we are able to improve our courtesy and service.

Incidentally, you will be interested to know that as an added feature of our credit service, our Co-operative plan has been extended to cover purchases made in any department in the store by using our "Advance Credit Coupon Books."

These books are sold in our Credit Sales Office, 11th floor, at \$25.00 each, containing twenty-five cent coupons good for that amount of trade throughout the store. An initial cash payment of only twenty per cent is required on each coupon book purchased, and the remainder is divided into four equal monthly installments, plus a small service charge which is waived if the account is paid within thirty days.

Call at our Credit Office tomorrow and learn more about this convenient new plan.

Very truly yours,

MANDEL BROTHERS

*J. D. Keweenaw*  
J. D. Keweenaw  
Credit Sales Manager

WM. D. HARDY & COMPANY  
MUSKEGON, MICHIGAN

## Our Story

Dear Patron:-

A few days ago I asked our Credit Manager to go over our inactive accounts and give me a list of what he considered to be the most valued accounts, judging by the length of dealing and habits of paying.

I was disagreeably surprised to find your name on this list and, yet, I am glad of an opportunity to say to you that I miss you and want to see you in the store again.

I'm not overlooking the fact however, that there is a possibility of your being dissatisfied about something for, after all, we're all human and mistakes are easily although sometimes unavoidably, made. But if such is the case, won't you be equally as frank and tell me in the blank space to the right of this sheet, what the trouble is?

Have we offended you? Is it the fault of our merchandise, or the conduct of any of our employees?

Will you help?

Sincerely yours,

WM. D. HARDY & CO.

*W. D. Hardy*  
General Manager

James McCreery & Co.

New York

②

Dear Madam:

A recent check of our regular list of charge customers, reveals that we have not had the pleasure of your patronage for the past few months. We like to feel that McCreery customers are our friends as well as patrons, and in that spirit, we are writing to tell you that we have missed seeing you and serving you in our store.

We are eager to have you see our lovely new summer things - up-to-the-minute sports and daytime frocks and ensembles, gorgeous new evening wear, tricky swim suits and accessories - as well as intriguing new furnishings for your home and the summer cottage.

May we take this opportunity to remind you that your account is open and available for your immediate use on your next shopping trip in the store, when we shall take sincere pleasure in seeing and serving you again.

Cordially yours,

James McCreery & Co.,

HP/M

Credit Manager

**Grossman's**  
MUSKEGON, MICHIGAN

We feel certain that this account has become past due because of oversight. Therefore we are calling it to your attention hoping that this reminder will be appreciated.

Yours very truly,


GROSSMAN'S DEPARTMENT STORE

⑤

WERNER AND HILTON, Inc.

"STYLE BUILT CLOTHES"  
800 Washington Avenue  
St. Louis, Mo.

④

ITEM	DESCRIPTION	CHARGES	CREDITS	BALANCE
Gosh! Your Account with us this month is				ZERO!
				You must need something now
ONLY ONE STORE IN ST. LOUIS				

# The Store Owner's View Of the Trend in Retail Credit

By S. A. BARKER

The S. A. Barker Company (Women's Wear), Springfield, Ill.

CREDIT, as I understand it, is a privilege extended to purchasers giving them definite extended time to make payments instead of demanding cash. It has been the means of the major part of all progress made in the world. Without credit neither buildings, railroads, roads, commerce nor industry could have gotten along and yet, applying the term "credit" to our particular business (with which I am most familiar), I feel that *very often the privilege of credit has been and is being abused.*

Looking back over a period of twenty-five years (located as we are in a rural agricultural community), I can recall that payments were made once or twice a year when crops were sold. A few years later, when the practice of sending out monthly statements was first introduced, there was a resentment on the part of many people. Later when uniform "application for credit" blanks were adopted, there was still further resentment but the public soon became accustomed to these practices.

There have been in vogue in this country, for many years, three types of retail establishments—cash stores, credit stores, and installment stores—but I am of the opinion that today most of the so-called credit stores have drifted into installment stores without either deriving the benefit of the carrying charge or of bolstering their prices to take care of the additional cost of doing business. This, to my mind, is *due primarily to neglect on the part of the merchants in not getting together on a uniform policy of credit extension* so that we find, in some stores, credit extended on a thirty-day basis, in others on a sixty-day basis, and in still others on ninety-day or longer basis.

One of the most serious problems confronting merchants is the so-called "good customer" who comes in regularly, makes purchases and payments but who always carries a standing balance or whose account is constantly

pyramided. Another problem is a customer who is offended upon receipt of a collection letter, and yet it is not at all uncommon to have customers come in and say, "I cannot pay on my account this month as I must pay my building and loan, Christmas savings or life insurance, etc." In other words they are paying out their money on investments which bring them returns and keep the merchant carrying their accounts and "holding the sack."

There seems to be a strong, growing tendency to purchase on a deferred payment basis. Furniture, automobiles, radios, homes and other items, as well as wearing apparel, are now being bought on that basis to a very great extent. While I believe that 99 per cent of the people are honest and want to pay their just obligations they are so situated that they must pay as they go—out of income rather than out of surplus. Therefore, sooner or later, one of two plans must be introduced—either a carrying charge for deferred payments or raising of prices and discount for cash which, in the final analysis, means the same thing.

*There seems to be (on the part of merchants) too much fear of losing a sale; too much emphasis on that rather than on being assured of collecting the account. For that reason, there is too much competition in regard to credit extension. This may not be the case in larger centers but I am sure this is a problem which exists in many of the smaller communities.*

## The Silver Anniversary Convention

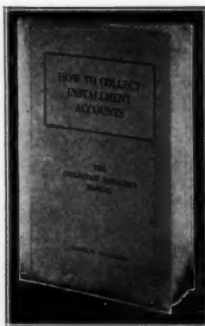
The Silver Anniversary Convention of the National Retail Credit Association will be held in Spokane, Washington—where the Association was organized in 1912. The dates: June 15-18, 1937. *Plan now to attend.*

## Are You the Credit Man Expecting a Raise?

You can have it! Send for *How to Collect Installment Accounts*, by Samuel W. Guggenheim, A.B. Use the collection letters, forms, ideas, and sage advice offered in this book. Your collection percentage will rise and the boss will give you all the credit, and what is more, that *raise* you have been hoping for.

This is the book credit managers are recommending to their friends. It tells you how to deal with almost every emergency, and most of all how to bring pressure to bear but still retain good will.

70 PAGES 12 ILLUSTRATIONS  
Imitation Leather Bound - \$2.25



*Time Sales Financing* says, "We consider the book one of the very best in its field, perhaps the best."

Employers can help their credit managers (and themselves) by buying this book. You take no chance in ordering because your money will be refunded if you are not satisfied.

We will include 5 each of 3 collection forms FREE with every order for *How to Collect Installment Accounts* sent in promptly. We pay postage when remittance is sent with order. He who postpones a thing, seldom does it. Order now from

## THE CREDIT PRESS

Box 52c, Brighton Station, Rochester, N. Y.



# The Effective Use Of Outside Collectors

By L. R. McEWEN

Credit Manager, Bry's (Department Store), Memphis, Tenn.

ONE unit in credit and collection work that is to be reckoned with seriously is the part played by the outside collector or personal contact man. The type of man selected for this important duty should be conscientious, somewhat versatile, have a pleasing personality and—*much tact*.

The collector should know when to be firm and when to be sympathetic. He should be capable of exercising salesmanship to a pronounced extent, and be qualified to understand and cope with difficult situations. The day of hard-boiled tactics for the reputable institution is definitely obsolete for one very good reason: The good it may do in single instances is most certainly overwhelmed by the hard feelings incurred.

The personal collector's production is concentrated on securing information not obtainable through mail, phone or other facilities or collecting from the type of debtor nonresponsive to anything other than personal contact.

It is generally considered most practical for collectors to report early each morning. Other contacts with the store during the day should be made over the phone every two hours. An outside representative should, in the average city, make at least fifty calls in one working day. He should be able to contact about 50 per cent of his calls and (in the average store) he should effect a direct collection of some kind on approximately 25 per cent of his contacts.

Each definite report submitted by a collector each day should immediately be followed by a personal letter from the store to the customer. This letter should be a verification of the collector's report and preclude any misunderstanding on the customer's part of what the store expects to be done about the delinquency.

A daily record of the collector's production may be used to advantage. This should show the number of calls made; the number of contacts made; the number of accounts collected on; the amount collected on each account; the grand total collected; changes of address; and miscellaneous information such as promised dates, etc. This information can then be accumulated on a control sheet of all collectors showing weekly and monthly production.

Debtors, as a rule, have a remarkable inventive genius for making excuses and giving reasons why they should not pay their bills. Sometimes reasons and promises given are pure fiction; sometimes they are honest but based on

imaginary expectations and are given invariably with the intention of gaining time for the debtor's own purposes. Unless the collector is a judge of men, he cannot know how much of what he hears is truth and what is fiction.

Invariably, when a customer promises to start paying at *some future date*, such as the first or fifteenth, the collector should make every reasonable effort to get something paid on the account *now*, especially if this is the second promise and the first promise was broken. If the account is to be liquidated by installments, he should try to arrange them on a weekly basis instead of semimonthly or monthly, provided, of course, the customer receives his salary weekly. A good collector ascertains the dates on which the debtor receives his salary *and collects on those dates*. If the customer promises the collector he will pay in the office on a certain date, the collector should endeavor to ascertain what amount the customer will pay on that date.

With regard to granting extensions on accounts, the collector must avoid accepting unusual methods of payment as this may be the beginning of a habit formation. It is the unusual case that may be handled on payments contrary to original terms, *provided there is a definite understanding that such arrangement is temporary*.

The collector must not regard too highly the number of working hours in a day. Oftentimes certain debtors can be contacted only at hours after the store is closed and in some instances before the opening hour. Whenever possible, when the collector has experienced difficulty in contacting the debtor at home or business, appointments should be made by the collector over the phone.

The collector should read carefully all news items, note new arrivals in his territory, and make as many acquaintances as possible. They often serve as an aid to entry in various places where debtors are located and access is difficult. Regarding removals, every effort should be made to ascertain the new address before reporting. A careful check of neighbors and surrounding shops will quite frequently prove a source for the desired information.

Intelligence and unremitting persistence, without doubt, are the basis of success in collecting.

See the new "half-inch" size National Emblem electrotype on the front cover of this issue. Looks better—prints better! Price, fifty cents. Order from National Retail Credit Association, 1218 Olive St., St. Louis, Mo.



# Comparative Collection Percentages--Spten

DISTRICT AND CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)						JEWELRY			
	1936			1935			1936			1935			1936			1935			1936			1935			1936			
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	HI.	LO.		
1 Boston, Mass. Providence, R. I. Lynn, Mass. Springfield, Mass. Worcester, Mass.	48.8	60.6	36.4	47.2	54.3	33.1	15.2	27.9	13.5	15.1	24.6	12.8	53.1	59.0	37.8	50.3	58.0	35.9	—	—	—	—	—	—	—	—	—	—
	42.7	50.0	37.2	41.0	50.0	34.3	—	—	—	—	10.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	41.8	54.0	34.9	41.1	47.0	33.5	—	—	—	—	—	—	—	—	—	—	—	—	11.1	21.6	9.7	10.3	14.1	10.1	—	—	—	
	49.2	54.1	45.7	47.0	51.9	41.5	20.6	30.9	9.6	17.1	26.6	8.6	52.6	60.0	43.3	52.0	54.3	49.1	—	—	—	—	—	—	—	—	—	
2 New York City Pittsburgh, Pa. Reading, Pa. Syracuse, N. Y. Utica, N. Y.	43.6	46.8	39.4	40.6	42.2	40.5	21.2	25.0	17.5	21.4	22.0	20.9	27.7	33.3	22.0	25.2	33.0	17.3	—	—	—	—	—	—	—	—	—	
	43.4	58.7	36.4	43.5	59.3	31.2	20.8	26.0	14.1	19.5	24.8	12.4	39.9	54.0	27.0	39.2	53.9	23.4	—	—	—	—	9.0	—	—	—	—	
	44.1	49.1	34.6	41.8	51.0	32.3	15.8	22.0	11.7	15.8	22.9	12.1	43.9	50.0	34.6	41.5	51.0	32.3	—	—	—	—	—	—	—	—	—	
	45.8	46.1	44.1	43.1	52.0	32.7	—	16.4	—	—	17.0	—	—	26.0	—	—	36.0	—	13.0	14.0	11.0	14.5	19.0	10.0	—	—	—	
3 Washington, D. C. Huntington, W. Va.* Baltimore, Md.	36.7	40.8	32.9	35.1	41.7	27.9	15.3	18.6	14.1	18.3	18.4	16.6	49.6	60.0	39.3	35.0	40.1	30.0	—	13.5	—	—	13.4	—	—	—	—	
	—	—	—	—	—	—	—	—	—	—	—	—	38.0	76.5	36.3	42.5	74.0	38.0	9.0	11.1	9.3	9.0	12.0	9.6	—	—	—	
	38.3	47.3	33.7	38.8	47.4	32.8	12.0	15.1	8.6	11.6	12.7	10.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
	39.8	47.6	31.4	37.5	46.8	29.8	14.2	23.8	6.2	13.6	22.5	5.1	32.8	33.6	32.0	32.4	34.4	31.1	—	—	—	—	—	—	—	—		
4 Birmingham, Ala. Atlanta, Ga.	40.4	44.4	37.4	38.6	42.7	31.4	19.8	25.1	16.3	15.1	18.0	11.3	33.5	39.0	28.5	36.5	37.0	36.0	12.1	13.1	11.0	10.8	12.5	9.9	—	—	—	
	38.3	39.1	37.5	38.1	38.7	37.5	13.5	14.4	12.6	12.8	13.1	12.5	30.3	30.7	30.0	27.3	27.7	27.0	12.1	12.3	12.0	10.9	11.3	10.5	—	—	—	
5 Kansas City, Mo.* St. Louis, Mo. Little Rock, Ark.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	50.1	60.0	41.8	46.3	55.6	38.1	19.6	23.5	17.3	18.6	23.5	14.7	36.4	40.2	30.6	34.0	37.1	30.7	—	14.8	—	15.6	15.8	15.3	—	—	—	
	35.7	36.0	35.4	36.9	39.2	34.5	—	14.6	—	—	9.5	—	—	31.0	—	—	31.0	—	11.4	14.0	8.8	11.0	12.3	9.7	—	—	—	
	45.7	54.1	41.9	43.5	57.9	37.0	19.3	27.0	13.2	16.8	20.0	13.3	39.4	43.0	35.0	34.1	38.3	29.1	10.8	11.1	8.5	9.5	10.2	9.6	—	—	—	
6 Cleveland, O. Cincinnati, O. Columbus, O. Toledo, O. Youngstown, O. Detroit, Mich. Grand Rapids, Mich. Milwaukee, Wis. Springfield, Ill.*	46.8	50.8	41.4	42.8	46.8	37.2	13.5	18.1	11.2	13.1	18.8	9.4	41.8	61.5	27.0	43.5	63.8	25.7	—	—	—	—	—	—	—	—	—	
	43.4	52.6	42.6	42.0	50.2	41.6	12.2	13.1	11.2	12.0	12.2	11.9	45.1	50.9	40.6	43.1	45.8	40.4	12.2	36.0	10.7	12.2	34.5	11.9	—	—	—	
	44.9	52.5	39.3	43.9	51.6	43.0	18.4	19.9	16.1	15.9	17.7	15.4	41.2	45.0	37.5	38.4	44.8	32.0	13.8	17.7	9.9	13.8	18.0	9.6	—	—	—	
	42.4	44.6	40.1	40.9	40.9	40.9	14.5	15.6	13.3	15.7	18.4	12.3	34.5	39.9	29.1	33.7	38.3	29.0	16.7	19.3	14.0	15.4	16.2	14.6	—	—	—	
	52.1	71.2	40.2	48.5	68.9	35.0	25.8	26.8	17.9	23.9	27.5	20.8	47.0	57.7	40.2	44.2	53.9	37.6	—	—	—	—	—	—	—	—	—	
	43.7	48.3	39.4	36.7	38.1	34.3	—	—	—	—	—	—	59.1	85.0	42.1	50.5	65.1	37.9	14.2	18.6	9.8	12.5	18.7	7.9	—	—	—	
	49.5	55.7	39.3	47.1	54.5	37.0	18.1	20.1	16.6	18.3	18.5	16.3	—	51.0	—	47.0	50.0	44.0	—	—	—	—	—	—	—	—	—	
	28.7	39.9	6.1	29.8	39.8	15.0	—	—	—	—	—	—	28.6	29.0	28.1	29.1	29.2	29.0	19.1	27.7	13.2	18.9	25.7	11.6	—	—	—	
7 Duluth, Minn. St. Paul, Minn. Minneapolis, Minn. Davenport, Ia. Des Moines, Ia. Cedar Rapids, Ia. Sioux City, Ia. Omaha, Neb.	37.9	40.0	35.9	35.0	36.0	34.0	—	20.9	—	19.2	22.6	15.8	39.0	50.0	27.5	40.3	51.7	29.0	—	—	—	—	—	—	—	—	—	
	56.0	58.0	54.0	53.9	57.1	50.2	—	—	—	—	—	—	41.2	42.3	42.2	45.8	47.1	44.5	—	—	—	—	—	—	—	—	—	
	65.8	70.1	62.4	62.4	68.1	55.5	19.1	23.0	13.0	18.2	22.3	13.3	56.7	61.0	52.4	53.4	54.9	52.0	—	—	—	—	12.6	—	—	—	—	
	50.8	53.0	48.5	48.3	45.5	51.0	13.7	14.3	13.2	13.7	15.3	12.0	—	46.2	—	—	40.2	—	—	14.1	—	—	12.4	—	—	—	—	
	31.6	49.3	30.5	28.2	44.4	28.1	—	—	—	—	—	—	47.0	48.0	38.0	46.0	50.0	44.0	—	—	—	—	—	—	—	—	—	
	50.0	55.5	46.4	48.7	50.4	46.0	22.9	28.5	17.4	19.6	23.2	16.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	44.0	46.2	38.0	46.5	51.6	37.0	16.0	17.1	14.6	14.9	19.7	11.0	—	40.0	—	—	40.0	—	—	—	—	—	—	—	—	—	—	
8 Tulsa, Okla. San Antonio, Tex.	—	45.5	—	—	43.8	—	—	12.9	—	—	12.8	—	38.3	45.0	31.4	36.2	39.6	33.4	—	—	—	—	—	—	—	—	—	
	58.3	60.0	56.7	55.1	60.2	48.0	12.0	14.0	11.7	13.0	13.2	11.3	37.7	38.0	37.3	40.5	48.9	32.2	—	—	—	—	—	—	—	—	—	
	37.1	40.2	34.5	38.4	41.5	34.4	10.3	11.3	9.3	12.1	13.1	11.1	47.4	51.9	44.8	42.2	45.0	40.0	10.5	10.6	10.4	9.1	8.7	8.1	—	—	—	
	46.0	50.0	41.8	43.5	51.2	39.6	15.6	17.4	14.1	15.7	23.3	10.6	44.0	46.3	41.8	41.7	43.8	39.6	—	—	—	—	—	—	—	—	—	
9 Salt Lake City, Utah Casper, Wyo.	56.7	61.8	50.2	55.3	63.5	51.1	17.9	24.0	12.2	17.9	23.4	13.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	—	105.1	—	—	—	—	—	—	—	—	—	—	29.0	30.0	28.0	30.5	34.0	27.0	—	—	—	—	—	—	—	—	—	
	40.1	79.6	34.4	33.1	36.2	25.9	14.5	19.1	13.6	15.5	16.9	11.5	41.0	45.0	39.0	45.9	46.0	37.3	—	—	—	—	—	—	—	—	—	
10 Spokane, Wash. Tacoma, Wash.	59.8	68.0	51.6	52.0	53.9	50.0	13.8	16.1	11.6	12.9	14.8	11.1	42.5	53.0	32.0	40.1	51.0	29.3	—	—	—	—	—	—	—	—	—	
	48.2	59.0	46.2	41.4	55.3	41.1	17.7	21.2	14.6	15.1	17.1	14.6	—	—	—	—	—	—	—	17.5	—	—	17.0	—	—	—	—	
	42.6	52.8	33.5	42.6	53.1	32.5	17.7	29.6	14.3	19.4	33.8	15.8	35.6	47.9	28.9	34.4	50.3	27.2	12.9	28.3	10.5	13.6	22.8	11.7	—	—	—	
11 San Francisco and Oakland, Calif. } Los Angeles, Calif. Santa Barbara, Calif.	58.6	64.6	55.5	56.3	63.0	49.3	20.9	23.5	19.5	20.5	24.5	16.1	50.5	58.1	50.1	57.1	59.6	48.1	—	—	—	—	—	—	—	—	—	
	47.0	54.0	37.8	39.5	47.5	34.3	—	—	—	—	—	—	53.0	79.1	34.9	55.1	68.0	38.1	—	—	—	—	—					

# -September, 1936, Versus September, 1935=====

CS	JEWELRY STORES					MEN'S CLOTHING STORES					SHOE STORES					AUTO ACCESSORIES, TIRES, GAS AND OIL					MISCELLANEOUS										
	1936			1935		1936			1935		1936			1935		1936			1935		1936			1935							
LO.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.		
—	—	—	59.2	58.5	54.6	58.2	51.0	—	—	—	—	—	—	—	58.6	—	—	54.3	—	—	—	—	—	—	60.0	62.7	57.4	50.8	55.7	45.9	
10.1	18.5	—	—	11.7	—	—	79.7	—	—	76.7	—	—	53.2	56.5	50.0	51.5	59.3	43.7	55.8	60.0	50.0	—	40.0	—	55.0	74.4	31.3	51.0	73.0	49.7	
—	—	—	—	—	—	—	41.0	—	—	40.0	—	—	57.3	58.7	56.0	57.1	59.1	55.0	—	84.0	—	—	79.0	—	75.4	88.2	62.7	64.8	68.5	61.1	
—	—	—	—	—	—	—	84.0	—	—	65.0	—	—	—	—	—	—	34.0	—	—	58.7	72.4	45.0	45.0	56.0	34.0	62.9	76.1	45.9	58.7	71.0	34.0
—	—	—	—	42.0	—	48.0	63.1	43.9	49.0	58.0	32.2	—	58.3	—	54.8	60.9	48.6	65.8	67.5	64.0	62.3	65.6	59.0	53.0	61.0	45.0	55.5	56.7	42.0		
10.0	2.1	—	—	12.0	—	—	38.1	45.9	30.3	36.3	44.5	28.1	53.0	61.0	45.0	52.6	61.3	44.0	—	82.2	—	—	79.0	—	47.0	77.0	29.7	42.0	70.5	25.6	
9.6	—	—	—	—	—	—	40.0	43.5	36.5	45.0	57.7	33.0	—	41.0	—	—	40.0	—	64.5	69.8	59.3	69.8	94.0	59.3	46.9	52.8	41.0	49.2	54.0	23.5	
—	—	—	—	—	—	—	30.0	33.3	30.5	32.0	32.0	31.6	—	—	—	—	—	—	61.0	63.8	61.7	66.0	81.2	63.0	55.0	66.4	44.0	45.0	47.5	45.0	
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9.9	—	—	—	—	—	40.9	47.7	37.4	36.5	44.1	31.4	—	—	—	—	—	—	—	—	—	—	—	—	61.0	65.0	57.0	—	—	—	—	
10.5	5.6	—	—	22.1	—	—	32.1	—	—	31.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	31.7	33.5	30.0	30.5	38.1	23.0
15.3	2.0	—	42.3	53.0	29.7	37.8	39.2	35.4	36.5	37.7	35.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	51.6	—	—	50.0	—	
9.7	3.7	27.0	28.2	39.5	17.0	—	—	—	—	—	—	—	41.0	—	—	46.0	—	—	79.7	—	—	54.7	72.0	49.3	—	43.0	—	—	49.0	—	
9.6	3.9	31.5	44.8	54.6	25.3	49.7	62.8	38.2	42.6	62.0	37.8	48.4	52.4	40.5	54.5	55.8	37.3	—	—	—	—	—	—	—	58.3	79.0	22.7	61.9	91.6	25.7	
11.9	3.4	32.9	42.2	50.9	33.6	38.0	46.5	29.5	38.6	43.3	34.0	59.7	68.6	52.5	55.6	58.9	50.2	—	—	—	—	—	—	—	57.2	70.9	43.0	54.5	71.8	34.7	
9.6	4.4	44.5	35.7	40.2	31.1	35.7	37.1	34.4	—	35.0	—	—	—	—	—	—	—	48.5	53.0	44.1	43.5	53.0	34.0	—	58.0	—	—	49.0	—		
14.6	2.7	—	—	45.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	40.3	48.6	32.0	33.2	42.4	24.0	
7.9	3.0	53.0	58.7	86.0	33.0	53.5	55.0	52.1	48.2	50.5	45.9	52.2	56.0	48.4	50.7	55.3	46.2	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	3.9	30.0	48.1	74.2	22.0	56.2	88.5	40.1	53.4	74.0	44.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	64.6	72.0	57.1	58.4	106.5	10.3
11.6	3.2	28.3	28.0	34.0	23.5	35.2	38.3	32.0	28.6	36.5	18.9	30.8	31.6	30.0	33.7	34.0	33.4	57.0	73.0	35.0	49.3	69.0	22.0	47.8	64.0	31.0	35.6	63.6	28.0	—	
—	—	—	—	25.2	—	34.4	35.3	33.5	34.2	37.7	30.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	51.7	59.0	48.0	51.7	74.0	44.0
—	—	—	—	—	—	38.0	38.0	38.0	41.2	46.3	38.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	4.7	—	—	47.9	—	—	54.2	—	51.7	52.6	50.8	—	—	—	—	—	—	—	—	—	—	—	—	—	42.7	62.0	22.0	38.7	60.0	20.8	
—	1.7	—	—	46.0	—	41.6	42.3	41.0	38.8	40.0	37.6	43.4	50.0	38.8	50.0	61.2	38.9	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	45.9	50.8	41.0	41.5	43.0	40.0	—	69.0	—	—	64.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	40.0	—	41.5	43.0	40.0	—	49.0	—	—	50.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	54.6	—	—	49.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8.1	4.2	—	—	27.0	—	50.5	61.0	40.0	54.9	63.5	46.3	—	—	—	—	54.2	—	—	—	—	—	—	—	—	—	80.0	84.0	76.0	—	51.8	—
—	—	—	—	—	—	—	40.0	—	36.8	39.2	34.0	—	53.3	—	—	53.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	41.3	43.1	39.5	40.3	41.0	39.6	45.7	52.3	39.2	42.1	49.7	34.6	—	54.6	—	—	52.8	—	—	—	77.3	—	—	—	—	—
—	—	—	—	21.0	—	—	46.0	—	—	66.0	—	—	60.3	83.2	37.4	46.4	56.5	36.3	—	—	—	—	—	—	—	—	—	—	—	—	—
—	10.2	7.3	12.5	20.5	4.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	20.3	21.2	17.6	19.3	15.9	40.5	43.4	31.0	42.0	43.0	41.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	60.8	89.0	48.0	54.0	76.0	47.8
—	—	—	—	21.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	61.8	69.6	54.0	—
11.7	—	—	—	—	—	38.3	45.0	29.9	38.6	45.7	26.9	44.0	60.0	40.0	39.4	43.0	35.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	43.8	—	53.9	61.7	44.8	49.3	61.6	43.5	53.7	64.1	51.5	48.7	61.5	45.2	—	—	—	—	—	—	—	—	75.8	83.8	67.8	66.6	75.7	57.5
—	—	—	—	—	—	57.5	65.1	48.2	49.0	60.7	37.0	48.8	57.4	39.8	46.6	57.2	38.5	—	—	—	—	—	—	—	—	64.1	69.5	59.4	69.9	74.1	62.1
10.1	—	—	—	—	—	44.6	51.4	38.1	41.3	51.1	37.1	—	—	—	—	—	—	46.0	47.0	40.1	41.0	52.1	37.1	40.2	68.4	39.3	38.1	53.6	43.1	—	
10.7	19.0	—	—	28.0	—	43.9	44.0	42.4	41.1	46.0	40.0	—	45.0	—	—	—	—	—	64.6	—	—	72.0	82.0	41.7	71.0	90.0	39.2	64.7	94.8	34.0	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

11-98  
A.H.H.

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11-36  
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ing and ing      <sup>11</sup>Builders' Supplies      <sup>15</sup>Florist      <sup>17</sup>Music      <sup>19</sup>Drugs      <sup>21</sup>Leather Goods  
<sup>12</sup>Grocery      <sup>16</sup>Hardware      <sup>18</sup>Dairy      <sup>20</sup>Sporting Goods      <sup>22</sup>Household Equipment





# A "Success Story" Of Credit Cooperation

By A. N. DEMPSEY

Secretary and Treasurer, The A. Polsky Co., Akron, Ohio;  
President, Akron Credit Bureau

**W**E IN Akron do not like to think what might have happened had we not (in the closing months of 1929) been forced, through necessity, to organize our credit bureau. Although at that time credit extension became a serious problem in all communities we believe no condition could have been more acute than ours. A large proportion of our population at that time was very transient, many of whom had slight regard for prompt payment of their obligations or credit reputation.

The bureau was started at a time when funds were hard to raise. The merchants were cautious in the outlay of money which in any degree could be classed as speculative; however, the foundation was laid with an initial membership of sixty-five. In about six weeks we were able to train our members in the codifying of accounts and the use of an alphabetical system of rendering and receiving credit reports. Our original file consisted of 65,000 records, which were of necessity rather meager as to experience information.

Through bureau research and reports of members we have built our file to cover 260,000 firms and individuals in our trading territory. All of these records are very complete and are always kept strictly up-to-date, it being our practice to give full information of our file record on reports to our members. During the year 1935, over 74,000 reports were furnished and noticeable gains have been made in 1936.

Today our office occupies 4,000 square feet, furnished with the most modern equipment, has a pay roll of forty persons and a membership of 450 merchants, banks and leading professional men. *Our affiliation with the National Association has afforded our members service which has been invaluable, while we in turn have tried to add our bit for the good of the craft.*

While, of course, we have had many set-backs during this seven-year period, a backward glance convinces us that we have founded a credit respect which has not only stabilized the granting of retail credit in Akron, but has during this period kept many million of dollars in trade circulation. As evidence of our part in this accomplishment, we can refer to the collection percentage of department stores, which has improved from an approximate 24 per cent in 1929 to an approximate 40 per cent in 1936.

*These figures represent not only a faster turnover of cash, but also an actual increase in percentage of credit sales as a result of keeping our customers "open-to-buy" rather than permitting their accounts to become stagnant (in which case merchants, from necessity, would have had to refuse further credit).*

That a credit consciousness has been developed to a very satisfactory degree in our community is reflected in the individual records in our files as well as by the group im-

provement in collection percentage. Millions of credit dollars have been extended—based upon our records. Reduction in bad debt losses has been marked, saving our members thousands of dollars annually on such losses.

It is our aim to likewise improve the knowledge of our credit men and women through bulletin service and the medium of a dependable agency where accurate information on all credit subjects can be readily obtained. *Weekly credit meetings are held and frank discussions entered into regarding individual experiences and the best method of handling group problems of interest to the members.*

The bureau has not, however, been unmindful of the fact that a very great proportion of the general population is inherently honest and will pay their obligations if given a reasonable opportunity. For one of the most important developments in our bureau is our "record repair shop." Bureau members have been trained to refer rejected credit applications to the central office, thus avoiding the dangerous policy of discussing the reported record with the applicant.

In addition to affording the bureau an opportunity to study the case individually (and in person with the applicant), this results in the rehabilitation of the credit standing of an unbelievable proportion of rejected applicants. In a large majority of these cases the applicant is really a desirable credit risk. Illness or unemployment may have prevented payment of some obligation as owed, with the result that a slow pay record appears in the bureau files.

Economic conditions in the last few years have created adverse circumstances beyond the control of such applicants. Many times, these facts are not contained in the bureau records for the reason that the applicant, when in debt, fails to contact the bureau or store to explain the impossibility of payment. In some cases a natural embarrassment is felt in discussing indebtedness when there is no apparent possibility of payment.

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## Editor's Note:

"Our credit executives," says Mr. Dempsey, "are today really friends and unwise term competition is simply not practiced by our members."

Akron has an active local association, all members of which are members of the National Association—cooperating wholeheartedly with the National Office.

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Now, however, conditions having improved, the individual has returned to work, his debts are either paid or definite arrangements have been made for payment,

(Continued on page 22.)



# Kansas City Rental Group Provides Credit Check on Tenants

By W. V. RICHMOND

Local Agent, Farm and Home Savings & Loan Association, Kansas City, Mo.;  
Chairman, Rental Division, Kansas City Real Estate Board

FOR many years, no doubt since the first apartment building was built or offered for rent, income property owners and managers have realized the need of some instrumentality through which they could promptly secure rental credit information concerning those who applied for admittance.

The merchants in nearly all of our cities have formed associations to serve their particular needs. Their files are usually made available to the property manager, but unfortunately these files as a rule do not include any reference to the *rent-paying record* or the *personal desirability* of the subject.

During the past fifteen years, Kansas City owners and operators have made several unsuccessful attempts to organize a credit association, prohibitive organization and operating costs being the two principal causes of failure. Finally, the Property Management Division of the Kansas City Real Estate Board seems to have hit upon the solution.

The manager of the local Merchants Association Credit Bureau was approached and asked to take over the responsibility of operating a Rental Credit Unit to cooperate with the Real Estate Board operators and other property owners and managers. After a conference with his associates he attended one of our meetings and not only accepted our proposition but went further and offered to immediately employ a manager and a special clerk at the expense of the Merchants Association Credit Bureau to conduct a Rental Credit Unit until it could become self-sustaining. Without individually committing any of our members, his plan was unanimously endorsed.

About November first of last year, the first contracts were signed. The unit began to function January 1, 1936. Today, we have 101 members, including all but four or five of the principal Kansas City operators. The unit is now paying its way. We represent (conservatively) more than 25,000 residential rental units. (There are 40,500 apartment units in Kansas City. No information is available as to the number of rental single-family houses.)

Each new member files with the Credit Unit a list of all his unsatisfactory accounts for the last two years. We now have on file more than 11,000 of these poor-pay accounts. Our removal reports are coming in from members at the rate of approximately 600 per month, of which about one out of every five is unsatisfactory, either having moved without notice, or owing a balance, or having moved by request.

Rather than describe our contract with the Merchants Association Credit Bureau I show herewith the exact form of agreement we have used. (See next column.)

## The Agreement Form

### RENTAL CREDIT UNIT

Division of

MERCHANTS ASSOCIATION CREDIT BUREAU, INC.,  
1016 WALNUT ST., KANSAS CITY, MO.

Victor 9260 or Victor 6677

I desire to make application for membership in the Rental Credit Unit.

I agree to submit a report EACH week on all tenants who move; using the blanks provided for that purpose.

The Rental Credit Unit agrees to maintain a Special File containing information on tenants as furnished by members, and supplemented by all public records pertaining to payment or non-payment of rent, and the Rental Credit Unit further agrees to answer all telephone inquiries from members and report to them all information on subjects of inquiry, as contained in said file.

The Rental Credit Unit agrees to publish and deliver a Weekly Bulletin Service to members, showing public record of suits for rent, and listing tenants who have vacated with rent owing, as reported by members of the Unit.

I agree to pay \$..... per month for this service and 20c per call for all calls in excess of the number allowed in the Classification to which I am subscribing, and herewith tender my check for \$..... in payment of ..... month's service described herein.

Written confirmations of telephone reports are to be furnished, if requested, at a cost of 10c for each inquiry.

Firm Name .....

Date ..... Signed By .....

CLASSIFICATION	NUMBER UNITS	MONTHLY RATE	NUMBER OF CALLS
1.	6 to 23	\$1.00	60 per year
2.	24 to 49	\$1.50	96 per year
3.	50 to 199	\$2.00	120 per year
4.	200 and up	\$5.00	300 per year

Each member of the Rental Credit Unit to receive one copy of the Weekly Bulletin. Additional copies of bulletin may be ordered by any member, and up to as many as 20 copies will be sold at 50c extra per month. Bulletins will not be sold to anyone other than a regular subscriber of this Rental Credit Unit.

Though not required in the contract, members report tenants who are unsatisfactory for other reasons than nonpayment of rent. For obvious reasons these tenants are not listed in the weekly bulletin. However, in case of inquiry by a member, this information is furnished.

Rental units could be formed, on this plan, in other cities. Such units could well be unified as a Rental Group of the National Retail Credit Association. Such a group, interchanging ideas and experiences, would not only prove of great assistance to property managers but also to retail credit granters in other lines.

(Editor's Note: The National Association will be glad to make proper provision for a Rental Group, at the Spokane Convention, if members desire it.)

# Winter Selling of Solid Fuel on Credit

By CHARLES R. ROSS

Manager, Retail Credit Sales, Philadelphia Coke Co., Philadelphia, Pa.

**M**OST articles appearing in *The CREDIT WORLD* relate to credits and collections in connection with the distribution of what might be classified as "hard" merchandise, usually by department stores handling a diversified line in demand the year round.

While there are undoubtedly many distributors of solid fuel, *and there should be more*, who are associated with the National Retail Credit Association, they have never been conspicuous in its activities, so far as group conferences and conventions are concerned. It seems profitable, therefore, to discuss credit problems facing those dealing in a necessity, almost universally used only during a portion of each year, consumed and not repossessable.

As a rule, much of the merchandise sold by department stores and some other agencies has a certain period of usefulness and stability, but the fellow who sells fuel on credit is up against an entirely different problem. The man who buys furniture, household appliances, clothing, etc., has months, or possibly years of prideful possession. On the other hand, the man who buys fuel on credit finds little satisfaction or consolation in the contemplation of a pile of ashes, and has a feeling that if he pays, he is paying for "a dead horse"!

The fuel dealer, who usually handles fuel exclusively, is limited in his activities; and owing to the fact that he is dealing in a necessity almost universally used by rich and poor alike, the extension of credit is extremely hazardous. Solid fuel must be classed as extremely "soft," or consumable usually within thirty to ninety days from date of delivery, depending on the quantity purchased.

So far as salvage or repossession by the vendor is concerned, that is out of the question. Fuel is usually chuted or carried to the basement and the labor cost of removal and rehauling is prohibitive.

The prevailing inclination to sell practically all commodities on "time" has extended to solid fuel, principally during the summer months when the purchaser has no need for heat fuel, for delivery later. However, during the heating season (in this latitude from October to March), selling on this plan is not feasible for the reason that the fuel is consumed faster than the average consumer can pay for it.

Nevertheless, the consumer may have purchased on some sort of deferred-payment plan and be under the impression that he should be able to do the same in winter as he did in summer. Obviously this cannot, as a general rule, be done with safety from a credit standpoint—for the reason that the customer will expect prompt delivery for immediate consumption.

For reasons previously stated, the terms during the heating season must of necessity be shorter and less liberal than in summer. At the close of our summer sale, usually staged during April and May of each year, on the budget plan at a reduced price, all advertisements and salesmen quote the current cash price.

For the convenience of responsible customers we open and carry charge accounts, but the price if charged is fifty cents higher, terms, thirty days net. If the account is paid within fifteen days from date of delivery, we allow a discount of fifty cents per ton, thereby cancelling the extra charge and making the price the same as though paid on delivery.

## Procedure Preliminary to Opening Charge Accounts

The request for a charge account may originate through correspondence, personal or telephone call, or through one of the forty or fifty salesmen on the street. If the applicant calls at the office in person and his personal appearance and demeanor are favorable, he is required to fill out and sign a credit application (Form No. 3) and told he will be notified by mail as soon as we have communicated with the references given and completed our investigation.

Requests received by mail and telephone are answered the same day. A credit application is mailed accompanied by a form letter (Form No. 5) which states the terms and conditions under which we open charge accounts. Salesmen are instructed *not to encourage charge accounts*—to sell C. O. D. and refer the applicant to the office.

When credit applications have been filled out at the office or returned through the mail, the information as shown thereon is submitted to the credit bureau for a report. When this report is received, we arrive at a decision as to whether or not credit will be extended and the applicant is notified accordingly. (Form 12.)

## Accounting Procedure

Orders, no matter where taken, are written on the same form which shows the name and address of the customer, the size of fuel requested, date of delivery, price and terms (C. O. D. or charge). Space is also provided for the route number, so that the salesman in that territory receives proper credit. (See Form 1.)

These orders, when properly recorded on the customers' cards and by the credit department (if charged), are sent to the delivery department where delivery slips are made in triplicate, serially numbered. The original and duplicate go out with truck driver. The triplicate is retained by the delivery department.

The original is left with the customer when the delivery is made. The duplicate is signed by the customer, returned to the office by the driver and filed as evidence of delivery. The original ticket left with the customer is the only bill rendered, but statements are mailed at the close of each month showing items unpaid.

## Collections

At the close of each calendar month, the bookkeeping department furnishes the credit department with a complete list of unpaid accounts arranged in columns by months, indicating the age of each account. As payments are received, the cashier furnishes the credit department with duplicate cash received vouchers which are posted

Route	Customer's Order No.	Scheduled	
Quantity	<b>COKE</b>	Size	
Name _____			
Street and No. _____ (1)			
House	Town _____		
Price	Terms _____		
Phone	Approved _____		
Classification	Our Order No. _____		
Remarks _____			
Taken By _____ Date _____			
DELIVERY DATA			
Loads	Date	Truck	Weight
1			
2			
3			
685-13			

## PHILADELPHIA COKE COMPANY

PRODUCERS OF FOUNDRY, INDUSTRIAL AND DOMESTIC COKE

4501 RICHMOND STREET

PHILADELPHIA, PA.

H. L. WATTS

(5)

Dear Sirs:

Confirming our telephone conversation, we are sending you our regular credit application, which we will thank you to fill out and return to us in the self-addressed envelope enclosed.

We are pleased to open charge accounts and extend credit for the convenience of responsible customers who furnish satisfactory trade references. Please give us names of individuals or firms with whom you have had monthly charge accounts, not installment accounts or personal references.

The price of coke on charge is now \$ per ton. Our terms are thirty days net, with a discount of 50 cents per ton if payment is received within 15 days from date of delivery.

Upon receipt of this form filled out by you, we will be pleased to give this matter further careful consideration.

Yours very truly,

COA-100 REV. 1-2-31-B

PHILADELPHIA COKE COMPANY  
4501 RICHMOND STREET  
APPLICATION FOR  
30 DAY CHARGE ACCOUNT (3)

DATE \_\_\_\_\_ 193\_\_

FULL NAME OF APPLICANT \_\_\_\_\_

HOME ADDRESS \_\_\_\_\_

BUSINESS OR OCCUPATION \_\_\_\_\_

EMPLOYED BY \_\_\_\_\_

NAME AND PHILADELPHIA ADDRESS OF NEAREST RELATIVE NOT LIVING WITH YOU \_\_\_\_\_

DO YOU OWN YOUR HOUSE? \_\_\_\_\_

BANK REFERENCE: (NAME OF BANK) \_\_\_\_\_

IN WHOM'S NAME ASSESSED? \_\_\_\_\_

ANY OTHER PROPERTY? IF SO, GIVE LOCATION \_\_\_\_\_

TRADE REFERENCES—(OTHER CHARGE ACCOUNTS):

NAME	ADDRESS

REMARKS: (OTHER CHARGE ACCOUNTS):

IF BY APPLICATION IS APPROVED I UNDERSTAND AND AGREE THAT PAYMENTS ARE TO BE MADE WITHIN THIRTY (30) DAYS FROM DATE OF DELIVERY

SIGNATURE \_\_\_\_\_

APPROVED \_\_\_\_\_

## PHILADELPHIA COKE COMPANY

PRODUCERS OF FOUNDRY, INDUSTRIAL AND DOMESTIC COKE

4501 RICHMOND STREET

PHILADELPHIA, PA.

(8)

Dear Sirs:

If we have made no error in our accounts, you appear to have overlooked payment of a balance of \$ which is now past due.

Kindly favor us with a remittance in settlement of this overdue item so that we may give consideration to the delivery of your recent order.

Hoping for your attention in this matter, we beg to remain,

Yours very truly,

## PHILADELPHIA COKE COMPANY

PRODUCERS OF FOUNDRY, INDUSTRIAL AND DOMESTIC COKE

4501 RICHMOND STREET

PHILADELPHIA, PA.

H. L. WATTS

(12)

Dear Sirs:

We are pleased to inform you that we have opened a charge account for your convenience, with the understanding that bills will be paid in accordance with our regular terms; thirty (30) days from date of delivery.

The price of coke on charge is now \$ per ton. If payment is received within 15 days from date of delivery, you may deduct 50¢ per ton.

Just send us your orders for Koppers Coke and we will do our best to serve you in a satisfactory manner.

Yours very truly,

daily to the monthly list so that the list shows at all times the amounts unpaid.

Sometimes, when the account is opened, the amount of credit is limited as to tonnage. If the customer fails to pay according to agreed terms, or exceeds the limit set, delivery is withheld and he is notified. (Form No. 8.)

If a customer fails to pay within 45 days after delivery, he gets a gentle reminder. Then, if it is not paid in sixty days, his monthly statement, instead of being mailed, is given to the collector for that territory. If the collector is unsuccessful and so reports, we write again setting a date when payment must be made to avoid unpleasant collection procedure through our attorneys or a collection agency.

In a city with a cosmopolitan population of approximately 2,000,000, the extension of credit on solid fuel demands caution and extremely careful investigation. Particularly is this true when the temperature hovers around the zero point. Nobody wants to freeze to death. If those without funds to pay ask for credit, can you blame them? Nevertheless, the credit man must listen respectfully to their appeals, but stand his ground if he is convinced that he cannot collect if he delivers.

There seems to be some confusion of thought among credit men as to where to draw a line on the extension of credit. Some contend that, through a liberal credit policy, volume will be increased sufficiently to offset the losses incurred through bad accounts. This contention may have some foundation if the merchandise sold returns a generous profit.

On the other hand, if merchandise, after considering the purchase price or cost of production and overhead, shows a comparatively small margin of profit, greater care must be exercised. The scale of profit in these days of keen competition may run the gamut from 5 per cent on staples to 100 per cent on luxuries.

The concern selling a line carrying a concealed profit of 100 per cent figures that it can afford to take a longer chance. If loss of a sale is absolute, it can be made up in one more good sale. If the merchandise sold shows a net profit of but 10 per cent and the account is uncollectible, necessarily ten good sales must be made to offset the loss sustained on the bad account.

Fuel is a staple necessity, competition is keen and the net profit necessarily small in comparison with many other lines in the luxury class. For this and other reasons cited above, careful investigation and deliberation are of utmost importance in selling fuel on credit. When in doubt, sell for cash. Axiomatically, a sale is not a sale until the money is in the till.

### Lincoln's Annual Election

The Lincoln (Neb.) Retail Credit Association held its first monthly meeting of the fall October 13. At this meeting the following new officers and directors were elected for the ensuing year:

L. A. Crandall, President; Chas. Hustead, Vice-President; and Clarence Hyland, Secretary-Treasurer.

Directors: L. A. Crandall; Chas. Hustead; C. W. Batty; Robert Hassell; Floyd Schutz; Harry Oxley; and Rex Smith. Ten active committees were also appointed.

### A "Success Story" of Credit Cooperation

(Continued from page 18.)

and he is again worthy of credit consideration. A knowledge and confirmation of the facts with the present employer and the personal contact with the applicant very frequently result in the reestablishment of a good credit customer.

We have made it a point to maintain an especial analysis of these accounts and in practically every instance reopened accounts have been paid as agreed and the customers have a much better credit consciousness and an improved ability to budget within their income.

Our members have cooperated in the pooling of a great number of accounts. Hundreds of pooled accounts (yearly) are able to avoid bankruptcy through such arrangements with the bureau and the cooperation of the members.

Garnishment and other embarrassing collection methods are avoided and, in many cases, credit for current purchases is recommended during the payment period of the pooled accounts. This also has resulted in the rehabilitation of a great many excellent credit customers.

Shortly after the bureau was established, attention was turned to the collection end of the bureau work. Merchants were astonished to learn that the average rate they had been paying for very unsatisfactory collection of old accounts was nearly 50 per cent. Thousands of dollars in accounts which had been entirely abandoned were revived and collections made. We found that very little attention was paid to accounts under \$25.00 by the existent collection agencies.

Over \$400,000 has been collected by the department at the low gross cost of 29.2 per cent. With this added service, thousands of adverse reports have been added to the credit bureau files, thereby increasing the efficiency of our reporting system and, in worthy cases, completion of the collection of these accounts has reestablished the debtors' credit standing.

Financially, our credit bureau has been a complete success. The original investment was repaid in full less than five years after our organization. We have been able to materially reduce our service rates and, in 1935, a substantial refund was made to our membership, based on the number of calls made during the year.

While we cannot say that we have an agreed community credit policy, the cooperation between our merchants has markedly improved. *Our credit executives are today really friends and unwise term competition is simply not practiced by our members.* There is no doubt that this has saved our merchants a considerable sum and strengthened our public's confidence.

Although we know that we can still improve our service and increase the collection percentage of the community, we feel that, taking into consideration the very unfavorable period through which we have passed, our bureau has made extremely satisfactory progress.

Many local associations are already working on plans to assure large delegations at the Silver Anniversary Convention at Spokane, Wash. (the "birthplace of the National"), June 14-18, 1937. A record attendance is predicted.



# The Credit Bureau's Place In Relief Administration

By F. A. MATATALL

Treasurer, Charles Ogilvy, Ltd., Ottawa, Canada



THIS will probably appeal to most readers as a very peculiar title as, at first glance, neither the administration of direct relief nor the problem itself would seem to have any direct connection whatever with credit bureaus; and certainly, except from a negative point of view, credit bureaus are not interested in recipients of direct relief. That is, they are interested in them only insofar as the fact of their being recipients supplies the bureau with that much derogatory information to report to their members.

However, membership in a credit bureau is not or should not be limited to commercial houses. Corporations (municipalities) can make excellent use of the services of their local credit bureaus as such bureaus are able to give information that no private investigator would ever be able to obtain. Apart from that feature entirely, as Mr. Marbach says in his excellent article in the October issue of *The CREDIT WORLD*, "It is a civic duty, if nothing else, to cooperate with the merchants to help them educate the people, etc., etc."

For this and other reasons, all admissions to hospitals for free treatment should, in the interest of the taxpayers, be checked through the local credit bureau before being authorized for treatment or admission; and the fact that free treatment has been given should be recorded on the file cards of the individuals concerned, in the bureau office.

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## Editor's Note:

Retail credit granters should be interested in this article—just as much as bureau managers—as it has a direct bearing on many of today's credit applicants.

Credit bureaus, by following through on the author's suggestions, can open up a new field for revenue as well as for vital information for their files.

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Applications for direct relief should also be checked through the bureau, *just the same as if the applications were for credit*. In a sense, they are applications for credit—but the credit which they obtain is for the necessities of life (for which there is no expectation of payment, either on the part of the recipient or of the supplier). For this reason, corporations (municipalities) should make every possible enquiry to assure themselves that the recipients are genuinely entitled to these supplies before authorizing their issuance.

Let us put it this way: An individual applying for credit must be in a position to show that his income, paying habits, etc., entitle him to the courtesy of the extension of credit facilities by the store to which he applies. On the other hand, the one applying for relief, while assuring the Relief Officer (by declaration or otherwise) of his inability to support himself, is in the reverse position of *not* being able to prove conclusively that he is in need of relief. For this reason the strictest enquiries possible should be made.

Nearly every merchant has on his books accounts in the names of persons receiving relief and these accounts are usually paid with utmost promptness. Nearly all merchants are aware that they are selling, for cash to relief recipients, articles which are by no means necessities of life. For this reason, if for no other, those of us whose duty it is to serve the public have the ineffectiveness of the relief investigation of applicants forcibly brought to our attention time and time again.

These statements are not made without some first-hand knowledge of the subject. A few years ago the writer was appointed to investigate the relief system in operation in this city and to make a report to the municipal authorities regarding same. Conditions uncovered in the local office were almost unbelievable but the recommendation made by my colleague and myself were far too drastic for the municipal politicians to digest at the time and the matter was shelved indefinitely.

At the present time, however, many of these same recommendations are being carried out due to subsequent heavy relief overdrafts causing rumblings of dissatisfaction among a large volume of taxpayers. One important recommendation, however, made at that time, has not yet been put into effect. *That was that the local relief organization become a member of the local Credit Bureau* in order to obtain information on all applicants for relief.

This is *one of the most necessary services* of which this or any other relief organization should avail itself if they are going to do a really efficient, conscientious and satisfactory job. While making the investigation referred to above, the writer was dumbfounded by the way in which personal investigation of relief applicants was made. Making due allowances for the fact that relief workers as a whole seem to encourage large relief rolls (for obvious reasons), the fact remains that the investigation of individual applications was less than cursory and information from outside sources was apparently not welcomed. This

(Continued on page 31.)

# Credit News Flashes--

## Personal and Otherwise

### Burlington-Northern Pacific Named Official Route to Spokane Convention

The Burlington and Northern Pacific Railroads have been named as the official routes to our Silver Anniversary Convention which will be held in Spokane, Washington, June 15-18, 1937.

A number of circle tours have been suggested and the passenger agents of the above railroads will be glad to suggest itineraries for any member who desires to see as much of the Northwest as possible on the convention trip.

Several reels of motion pictures showing Yellowstone National Park, Rainier National Park and Alaska—also one reel entitled "Westward Ho!" depicting the scenery and interesting points along the Burlington and Northern Pacific from Chicago to Seattle, as well as a few scenes of Yellowstone and Rainier National Parks—may be obtained for exhibition at District conferences.

We hope to have a special train out of Chicago which will accommodate all delegations from the east and south; also another "special" out of St. Paul for delegates from that section and southwestern points. Delegates from many of the midwestern states can arrange to join either train at connecting points.

The National Office would like to hear from members so that the itinerary can be planned for greatest benefit to the greatest number.

\* \* \*

### Congratulations, Mr. and Mrs. Barnes

As we go to press we learn that President and Mrs. E. K. Barnes are the proud parents of a baby boy born October 28, weighing seven pounds, thirteen ounces. We of the National Office extend heartiest congratulations and the hope that the youngster will become another active National worker—like his "Dad."

\* \* \*

### Portland's Annual Election

The Retail Credit Association of Portland, Oregon, Inc., on October 23 elected the following officers and directors: President, Merle Brown, W. W. Shipley Co.; Vice-President, R. T. Callahan, Powers Furniture Co.; Secretary-Treasurer, John N. Keeler, Credit Reporting Company.

Directors: Bernard Abrams; John Albrich; S. S. Bliss; Mrs. Mable Bliss; Grant C. Braman; A. S. Cohn; S. A. McCartney; M. L. Owen; Harry Pedersen; Jack Raney; John H. Smith; Sterling Thompson; and Bernard B. Cantor.

\* \* \*

### McConnell Returns to Pittsburgh

W. B. McConnell, Credit Manager of Oppenheim Collins & Co., Buffalo, and formerly of Pittsburgh, has returned to Pittsburgh as Credit Manager of Meyer Jonasson's Company of that city.

Arthur M. Stone succeeds him as Credit Manager of Oppenheim Collins & Co., Buffalo.

### Detroit Credit Group Holds "Open House"

At the installation of new officers of the Associated Retail Credit Men of Detroit (at the September meeting) Frank Osborne, the new President, brought out the fact that a great many credit workers, particularly credit assistants, attended the Association meetings but had never had the opportunity to visit the Merchants Credit Bureau.

As a result, the October meeting (after dinner) adjourned to the Bureau where the exact workings of the credit bureau were explained—most of the bureau force in each department having left the dinner earlier and preceded the members to the bureau.

More than a hundred people visited the bureau. They were divided into groups and shown through the bureau by department heads, who explained all of the operations. The meeting was declared a huge success, so much so that it was decided to make it an annual affair.

\* \* \*

### Minneapolis Elects New Officers

At its annual election, last month, the Retail Credit Association of Minneapolis elected the following officers and directors: President H. P. Meder, N. W. National Bank and Trust Co.; Vice-President, O. J. Van Lander, John W. Thomas & Co.; Treasurer, Miss Esther Westin, Cedar Lake Ice & Fuel Co.; Secretary, S. L. Gilfillan, of the Minneapolis Credit Exchange.

Directors: Albert Wm. Bachman; Thomas Johnson (retiring President); H. W. Hoklas; Theo. L. Menzel; Homer H. Rugg; J. G. Mason; Paul R. Skoog; W. D. Clinton; N. M. Thompson; and H. R. Gabrielson.



The Child's Health Today  
is the  
NATION'S HEALTH TOMORROW



The National, State and Local Tuberculosis  
Associations of the United States

### Sidney Baer Injured in Auto Crash

Sidney R. Baer, Vice-President of Stix, Baer & Fuller Co., St. Louis, was injured October 30 in an automobile accident. Mr. Baer, who suffered slight head wounds, was taken to the Jewish Hospital where he was later reported to be in a satisfactory condition. His mother, Mrs. Sigmund Baer, was slightly injured.

\* \* \*

### Cleveland Holds "25th-Year" Luncheon

As we go to press we learn that the Cleveland Retail Credit Men's Company (Cleveland, Ohio) on October 25 honored 59 retail firms and individuals who had been users of the bureau's services for at least twenty-five years with a special anniversary luncheon. (Further details in next issue.)

\* \* \*

### Positions Wanted

**CREDIT WOMAN**—35 years of age, university trained, with six years of credit background and experience, looking for connection with reliable concern. Well versed in all phases of installment, collection and credit procedure. A capable assistant to any credit executive or credit manager of a women's apparel shop. Address Box 83, CREDIT WORLD.

\* \* \*

**CREDIT MANAGER**—Attorney with 14 years' experience in retail credits, in two large department stores in Middle West. Is now in charge of credits and collections, accounts receivable, bill adjusting and legal department. Address Box 94, CREDIT WORLD.

\* \* \*

**CREDIT EXECUTIVE**—College graduate in accounting. Eight years' experience as credit and office manager; 32 years of age. References include present employer. Address Box 114, CREDIT WORLD.

\* \* \*

### Reprints of Articles Available

As many credit associations have been requesting reprints of timely articles for distribution to members and prospects, we have arranged to keep the forms of each issue standing for 30 days.

Reprints will be made if orders are received in sufficient quantity to justify the cost. Price of reprints will be nominal—based on quantity desired.

### "Gold" Stickers

#### For Your Letters and Statements

Printed in royal blue on special "gold" gummed paper. Actual size is shown by dotted lines. Price, \$1.50 per thousand, postpaid.

**NATIONAL RETAIL  
CREDIT ASSOCIATION**

1218 Olive St. St. Louis, Mo.



### A Correction

In the October issue, on page 28, we showed a photograph of the last annual meeting of the Wisconsin Retail Credit Association. We neglected, however, to state that this photograph was taken at Sheboygan—where the meeting was held.

\* \* \*

### Pittsburgh Holds Credit Educational Meeting

The Retail Credit Association of Pittsburgh held a "Credit Educational" meeting October 12. The speakers were the delegates from Pittsburgh who had attended the National Convention in Omaha last June. Each gave a report on the Convention, each choosing a convention topic for his subject.

### IN MEMORIAM

#### Albert E. Baeder

Albert E. Baeder, Treasurer of Brooks Brothers Co., New York City, died October 1 in the New York Hospital, at the age of 57. He had been ill since last June.

Born in New York City, Mr. Baeder entered the employ of Brooks Brothers in 1900, starting as a clerk. He was promoted successively to cashier, assistant treasurer, and finally to treasurer in 1932. He was also a director of the Company. His widow and a daughter survive.

\* \* \*

#### R. Lee Lynn

R. Lee Lynn, President of S. H. Heironimus Co., Roanoke, Va., died October 6 from the effects of a major operation performed a week previously. He was 63 years old and started in the mercantile business as a clerk 44 years ago. He had been President of his Company for the past 20 years. He is survived by his widow, one son and one daughter.

### Membership Blank

**National Retail Credit Association**  
1218 Olive St., St. Louis, Mo.

I hereby apply for one year's membership in your Association, subject to acceptance by you and by your recognized unit in this locality. I enclose \$5.00 which I understand entitles me to all the privileges of membership, including a year's subscription to "The Credit World."

Name.....

Title.....

Firm.....

Address.....

City..... State.....

Recommended By.....





# Installment Selling Made Profitable

By MARK R. SCHMIDT\*

Secretary and Sales Manager, Schmidt Hardware Co.,  
Grand Junction, Colo.

**I**N ORDER to conduct successfully an installment business for a profit, we must assume tactics similar to those of a laboratory scientist. Among many of his ingenious instruments is a microscope which he uses to examine his specimen. In credit we, too, must use, figuratively speaking, a "microscope" and other credit "tools" before we sell the prospect and during the time in which he is making his payments.

We attempt to secure complete information about the prospect before a sale is made. A considerable amount of this knowledge is obtained through a conversation with him. In other words, he is placed under our "microscope." Of course, such information is blended with the report received from the local credit bureau. If our "credit specimen" is found to be a good risk, great! We have made an excellent start toward a profitable sale.

While attending the University of Southern California, from 1926 to 1930, I was fortunate enough to have classes from the late J. Harry Tregoe, whom of course many of you knew. In Credits and Collections class he one day told me to remember above all else these three letters . . . "C.C.C." . . . and the words which they represented, namely: "Character, Capacity, Capital." (I believe they are given in the order of their importance.) With these three words, therefore, in mind we try in our company to analyze our prospective credit customers.

If a prospect is rejected because of a decision that his credit rating does not pass the tape, that is tough. Perhaps on the surface it looks as though we do not care for his business. In the long pull, however, and in the majority of instances, we are ahead in profit due to the fact that, no doubt, we have saved considerable collection expense and, in the high percentage of cases, a repossession at a future date. Either or both of these circumstances would likely eat into and perhaps "hog" the entire profit of a sale.

I am reminded of the banker in Wyoming of whom a friend of mine was speaking not long ago. He was asked about business in the bank. He answered: "Well, I have had seven requests for money loans today. Five of them I turned down; they weren't so good. I'll let the other fellow across the street have them if he wishes. But I made two damn good loans. I have had a profitable day and business is good."

## The "Pain in the Neck"—Down Payments

Now for the "pain in the neck"—down payments, about which we are quite concerned.

I have read with considerable interest the July issue of

\*An address before the Thirteenth Annual Convention of the Tri-State Association, Grand Junction, Colo., August 10, 1936.

The CREDIT WORLD, in which appears an article by John R. Walker, Executive Vice-President of the National Association of Sales Finance Companies. He says:

"Let us examine some of the economic consequences of the weakening of installment credit terms. It is obviously of no advantage to a purchaser to extend the payment period unnecessarily. The larger the down payment which he makes and the shorter the period in which he completes his payments, the more his dollars go into the acquisition of merchandise and the less into the mere cost of financing.

"The finance charge on a \$200.00 refrigerator on which no down payment is made is \$36.00 if the installments are extended over a three-year period, and the finance charge computed at 6 per cent per annum. If, however, a \$50.00 down payment is made and the installment payments completed in twelve months, the cost of the financing is only \$9.00 and the purchaser saves \$27.00. . . . The hazards of a three-year transaction are certainly three times as great as those of one of a year. . . . No merchant can prosper through the misfortune of his customers."

Mr. Walker continues, "Moreover, the undue extension of installment terms will dam up the merchant's future market, for the bulk of future sales will be repeat orders from the same group of purchasers to whom he is selling today . . . and the installment purchaser will not begin to think of his purchase as obsolete until he has finished paying for it."

". . . the interest of the purchaser, merchant, manufacturer, finance company, and bank, as well as of society as a whole, is best served by keeping installment credit terms within their normal bounds."

Today, we at Schmidt's are battling this low-down-payment "pest" more than ever before. Locally speaking, there is one large company with unlimited financial resources that is primarily responsible for this condition.

I might add that this company is not a member of our credit bureau. Through a powerful campaign of selling terms to get sales, rather than selling merchandise to get sales, they have for years taught the people of this vicinity to think in terms of low down payment (\$5.00).

When the Government stepped into the financing profession, a double-barreled-shotgun load of low-down-payment selling resulted.

Too many stores substitute this low-down-payment doctrine for a man-sized job of good salesmanship. In spite of this fact, we are trying to reason with our prospects—at the same time reasoning with our salesmen, attempting to show them that they do the prospect a favor when they secure a reasonable down payment. After all, as a result of a substantial down payment, the customer can feel a distinctive pride of ownership.



### Some Practical Installment Plans

During the past two years, considerable publicity has been given to a so-called "three-way" or "triangle plan" of purchasing a major item of merchandise. Many years ago, my father instituted this plan which has resulted in some fine, profitable business for our company. This system consists of three equal monthly payments, including the down payment.

This plan is welcomed by the person who wishes to secure the item at the cash price, but who cannot pay for it out of one month's salary. One's first impression is that this plan offers 90-day credit accommodations. Actually, however, it only involves a 60-day period. The customer pays one-third down, one-third in 30 days and the balance in 60 days.

Only last week one of our representatives sold a vacuum cleaner as a result of this plan. The customer had some money coming to him within the next few weeks; he did not want to pay an interest charge. In fact, he desired to wait until sometime next month to purchase a cleaner.

There was a possibility that in the meantime one of our good friend competitors would have pushed this customer over on his side of the fence. Our three-payment plan was just what this customer needed. It suited him perfectly. We secured the sale.

In all instances, we attempt to adjust installment selling in a way in which it will be most convenient for the customer to make his payments. If he receives his pay check on the first and sixteenth of the month, as is the case with railroad employees, we are glad to arrange his payments to correspond. He likes to pay a smaller amount from each salary check rather than a larger amount once a month.

Likewise, another customer may be paid by the week and prefers to have his payments in small weekly amounts. Such a plan is profitable. The small increase in expense of handling these small weekly amounts is more than offset by the additional store traffic which automatically swells the sales volume of smaller merchandise. Then, too, in case the customer misses one *small* payment, he can be contacted immediately and that amount can be paid with the next week's payment with less drain on his pocket-book than if a *larger monthly payment* were involved.

There is still another plan which results in a distinct accommodation to the railway employee. After the first of the year, due to a seasonal decline in rail shipments, several employees are out of work for a period of several weeks or sometimes months. With this knowledge in mind we have instituted a system whereby our railroad friends may pay a little additional amount each payment during the year *when they have constant employment* which pays up in advance for the time that they are out of work during that temporary period of unemployment. This service is appreciated by them and it has proved profitable to our company.

Contrary to general belief, many farmers have an income arriving periodically during the year. In the past, many of us were under the impression that the fall of the year was the only time that a farmer could pay for a major item. True, the large portion of their money does come at that time of year.

It was found, however, from an extensive survey that the country folk could make installment payments during the year, and in many instances very conveniently by the month. Let us pause for just a moment to enumerate some of the farm income. Many of them (in this section) raise sugar beets, in which case they are paid with two or three checks during the year. There are very few of them who do not sell eggs at the market. Moreover, they sell vegetables from their gardens; and a large percentage of them take milk to the creamery.

Perhaps all of this does not total a great sum of money; surely a smaller amount than most of them receive in the fall harvest time. The idea, however, which I wish to emphasize is the fact that farmers do have an income during the year. A very profitable business can therefore be developed with them.

A little education along this line of thought is perhaps necessary, because even the average farmer thinks in terms of only one sack of money a year. I believe your credit bureaus could be of considerable assistance in such a program of installment-buying education.

One more thought and then I will have finished. At the Schmidt Hardware Company we are "sold" on the installment-selling method *providing it is correctly used*. I sometimes feel that we have only touched its possibilities. Since it has been the policy of our company to operate at a profit, and that has been going on for thirty-one years, we choose to continue with a *sensible credit business* as well as the very desirable cash business.

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#### STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912, AND MARCH 3, 1933.

OF CREDIT WORLD, published monthly at St. Louis, Mo., for October 1, 1936.

State of Missouri,  
City of St. Louis,

Before me, a Notary Public in and for the State and county aforesaid, personally appeared Lindley S. Crowder, who, having been duly sworn according to law, deposes and says that he is the Editor of The CREDIT WORLD, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the act of March 3, 1933, embodied in section 537, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:  
Publisher, National Retail Credit Association.....St. Louis, Mo.  
Editor, Lindley S. Crowder.....St. Louis, Mo.  
Managing Editor, Daniel J. Hannegan.....St. Louis, Mo.  
Business Manager, Arthur H. Hert.....St. Louis, Mo.

2. That the owner is: National Retail Credit Association, 1218 Olive Street, St. Louis, Mo. E. K. Barnes, President, c/o First National Bank, Spokane, Wash.; J. Gordon Ross, First Vice-Pres., c/o Rochester Gas & Elec. Corp., Rochester, N. Y.; F. G. Clegg, Second Vice-Pres., c/o The R. J. Devlin Co., Ltd., Ottawa, Ont., Canada; L. S. Crowder, Manager-Treasurer, 1218 Olive St., St. Louis, Mo.; Arthur H. Hert, Secretary, 1218 Olive St., St. Louis, Mo. No stock. Official organ of the National Retail Credit Association.

3. That the known bondholders, mortgages, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

L. S. CROWDER.

Sworn to and subscribed before me this 24th day of September, 1936.  
Elizabeth S. Tunica.

(My commission expires May 7, 1940.)

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## Letters That Cross The Editor's Desk

I told Arthur Hert, and I want to tell you that his talks before the Bureau Managers and the Banquet of the Associated Credit Bureaus of Missouri at Jefferson City, October 25, 26 and 27 were the best, and most business-like, presentations of the value of a membership in N. R. C. A. that I have ever heard—and I've been hearing them for some seventeen years.

It makes one proud to have been a booster for N. R. C. A. all these years and have a representative of ours unfold our story in such a smooth and dignified manner as Mr. Hert did, at our Jefferson City Meeting.—M. G. RILEY, Secretary-Treasurer, Retail Credit Association of Kansas City.

\* \* \*

The article in *The CREDIT WORLD* [October] by David Morantz is just like a good morsel of food; that is, you should have some more of the same caliber as I am convinced that Mr. Morantz could give quite a series of good articles along the lines of the one you have just published.

I am one of the few attorney-members of the Retail Credit Association here. In fact, I have been a member nearly fifteen years, and also have been on the Board of Directors, and retail credit, in all its varied lines, is most interesting to me. I think Mr. Morantz's article would be interesting and a benefit to all in the credit line and as he has had so much experience he should be an authority on any feature dealing with collections.—POSEY G. HEDGES, Attorney-At-Law, Memphis, Tenn.

\* \* \*

The results obtained from this book [*Blue Book of Collection Letters*] in the past have been very excellent and, if a new edition is printed in the future, you can place my order for copy Number One.—W. E. GREENWOOD, Manager of Credit Sales, Pomeroy's, Inc., Pottsville, Pa.

\* \* \*

I have lost my copy of the latest issue of *The CREDIT WORLD* and, as I had not finished reading it, I would appreciate it if you could send me another copy. The articles are always too valuable to miss.—ALBERT MASLEN, Credit Manager, The S. S. White Dental Mfg. Co., Boston, Mass.

\* \* \*

I am just an humble employee of one of your members but I never overlook an opportunity to borrow *The CREDIT WORLD* from my boss and read it from cover to cover, religiously, every month.

The October issue was, in my opinion, the best yet. Especially did I like the articles by David Morantz, Daniel J. Hannefin, and Guy H. Hulse. I wish you could get Mr. Morantz to write some more articles on locating skips as he is an authority on that subject. I am interested in this as part of my work is tracing debtors.—H. KLINE, Kansas City, Mo.

## Marley Styner Resigns as National Director

Marley Styner has resigned as National Director from the Eighth District, having been sent by his firm to North Texas, as a Special Agent for the American General Insurance Company. With deepest regret the National Office accepts his resignation and wishes him every success in his new position.

John R. Clark, Credit Manager of Monnig's, Fort Worth, Texas, and President of the Eighth District, automatically succeeds "Marley" as National Director.



## A Practical Procedure for Handling Installment Accounts

(Continued from page 5.)

The owners of progressive stores realized years ago that a well-managed and properly organized installment operation would add needed volume to the store's business and contribute a sizeable amount to the net profit figure. The carrying charges required on installment sales should be an amount sufficient to cover the cost of handling this type of business. The costs involved include salaries, credit bureau reports, legal costs, supplies, postage, bad debts, and depreciation on equipment.

After deducting these costs from the amount of carrying charges collected during the year, there should remain an amount equal to between 2 and 3 per cent on the average monthly outstanding balance on the installment ledger. This figure is based on a carrying charge rate of one-half of 1 per cent per month (6 per cent per annum) charged on the total balance due on the account after crediting the down payment.

When the carrying charge is figured at the rate of one-half per cent per month on a declining balance (about 3 per cent per annum), the total amount of carrying charges may not cover the cost of doing business. There is absolutely no reason why an installment business should not be made to pay its own way and give the owners of the business a fair return on their investment.

Every unnecessary item of office expense adds to the cost of doing a credit business and reduces profit. The credit manager is expected to contribute to the store's profit by:

1. Maintaining an efficient and economically operated department.
2. Promoting regular charge and installment business, and by maintaining the good will and confidence of the store's customers.
3. Promoting and fostering a spirit of friendly relationship between the employees of his own department and those in other departments throughout the store, particularly in those departments in which installment merchandise is sold.

Those of us responsible for the store's credit business cannot hope to gain the respect and confidence of the other employees in the store if we build a wall around ourselves and become buried with routine matters that could be delegated to others in the office. I agree with those who feel that credit managers should find more time to mingle amongst salesmen and customers on the selling floors.

If you have so much work to do that you can't find time to spend an hour or two each week becoming acquainted with the people in your store, and giving them an opportunity to become acquainted with you, my advice is to correct this condition before the boss finds out about it.

# A Membership Challenge to the Nation!

IT'S A BIG ORDER *but*—the Nashville Retail Credit Association is challenging "any and all other Associations as to increase in not only new members but in other activities. . . ."

This challenge was received in a letter dated October 17, from W. Harvey King (of the Nashville Adjustment Bureau), Chairman of the Association's New Members Committee. We quote the letter in full:

The Nashville Retail Credit Association is pleased to report more than a 100 per cent increase in membership since August 1, having secured 73 new members since that date. Briefly, our committee on new members has met regularly and really has put forth much effort.

By having the whole-hearted support of the entire membership we have been able to do some good talking, more on the order of the good neighbor type, not necessarily soliciting new members, but merely explaining the advantages of belonging to our Association as well as the National Association; for if we are deriving good from our Association it is only fair that the other credit granters eligible to belong to our Association be invited to join.

We have secured expressions from several different members of the Association as to why they themselves belong, running these reasons in our NASHVILLE RETAIL CREDIT NEWS along with the names and business connections of new members enrolled by the date The CREDIT NEWS goes to press. This helps the members to get acquainted with the new members; also, it gives the new members a little recognition which they appreciate and are entitled to.

President Rhue Roberts is not satisfied with the quota of 100 new members for our Association, *but challenges any and all other Associations* as to increase in not only new members but other activities. He tells us that we can lead any Association in the United States; therefore, we are not going to stop with our quota of 100, but intend to secure every desirable, eligible nonmember by the close of our fiscal year, May 31.

If we do not beat America, as President Roberts has asked us to do, *whoever wins will certainly know that they have been in a race.*

And another letter, dated October 20, from J. J. McCormick, of the Nashville Retail Credit Bureau, a "wheel horse" in the New Members Committee:

About three months ago when our New Members Campaign was inaugurated, our goal was fixed at 100 new members (which at that time seemed an utter impossibility) and, up to the present date, by virtue of some real honest-to-goodness hard work, 76 new members have been the reward of our efforts.

We, of the New Members Committee, feel that much praise is due our Membership Chairman, and our new President, of whom we are justly proud and who have so inspired us in our work.

*So watch out, you larger cities!* When the smoke of battle is cleared, the Nashville Retail Credit Men's Association hopes to be at the head of the parade.

*But, that's not all!* Bright and early on the morning of October 29, Messrs. King and McCormick, with R. E. Buckingham ("Buck"); Sales Manager of the Nashville

Retail Credit Bureau, appeared at the National Office, demanding to know all there is to know about new membership work and reporting *four more* new members, making a total of 80 new members, to date, in their drive!

*Memphis* is in the race, too! (Look out, Nashville.) M. B. Silverson, Membership Chairman for Memphis, wrote, under date of October 19:

I am happy to tell you since our membership drive opened about two weeks ago, even with the Fall rush of business handicapping most of our workers, we have signed 12 new members.

My plan is to keep this membership drive going the entire year, so I feel positive that my realization of 100 new members will come to pass.

From *Schenectady, N. Y.*, E. LeRoy Shannon, Manager of the Retail Merchants Credit Bureau, writes:

Mr. Roy F. Myers (National Director) and I plan to take up with our membership at the next meeting, a plan to increase our membership. After this meeting, we will advise you or you will, perhaps, note an increase in members through our efforts.

*Muncie, Indiana*, too, is taking the hurdles! F. R. Larrabee, Credit Manager of Ball Stores (Muncie) and Secretary-Treasurer of our Thirteenth District, reported (October 20):

Thank you very much for the copies of The CREDIT WORLD and the application blanks. You may be interested in knowing that we are starting our campaign in Muncie for new members on Thursday of this week, at which time I am to address the local Merchant's Association.

This will be followed by the initial meeting of the credit men on next Tuesday and shortly after that date we hope to be able to forward several applications to the National Office.

*Battle Creek, Mich.*, alert to the needs of a local credit association, held an organizational meeting October 21.

A marked increase is noted in the number of unsolicited individual membership applications being received by the National Office.

*Pittsburgh, Pa.*, reported 52 new members—and *Washington, D. C.*, 20—for the month of October.

## The Credit Clinic

(Continued from page 8.)

7 (b). How much does the use of double shifts increase the cost of billing?

Small increase.

8. Do you bill cash receipts *before* charges for the same day are billed?

	No.	PER CENT OF TOTAL
Yes	15	30.0
No	23	46.0
At same time	12	24.0
TOTAL	50	100.0



# Tracing Suggestions to Collectors

(To Locate the Debtor Who Moves)

By DAVID MORANTZ

Manager, Morantz Mercantile Agency, Kansas City, Kansas; President of Kansas City, Kansas, Unit of National Retail Credit Association; Author of "Proven Plans to Speed Collections" and "Timely Tips to Trim Office Overhead"

SINCE my article, "Ten Tested Tracing Tricks," appeared in the October issue of *The CREDIT WORLD*, I have been besieged with requests from readers for a complete set of the tracing suggestions to collectors mentioned in that article.

Had there been only a few such requests, I should have been glad to have had typewritten copies of the set made and sent to those requesting them but to comply with all the requests I have received would have been quite an expense and taken a busy stenographer away from other important work.

However, I really do not want to disappoint anyone interested in this subject nor withhold this information, even though I have spent over twenty years in gathering and developing it into its present form.

Accordingly, I am furnishing herewith the information in which so many of my fellow *CREDIT WORLD* readers seem to be interested.

In fact, I shall go even further than that. Instead of merely setting down the bare list of instructions, I shall quote from my book, *Proven Plans to Speed Collections*, to show how these instructions may be most effectively imparted to the collector.

The following are excerpts from the chapter therein entitled "Locating Skips":

We formerly employed collectors—or rather men who represented themselves to be experienced collectors—and gave them a receipt book and as many accounts as we thought they could cover in a day and turned them loose with a few brief instructions to bring in the money and the new addresses (where debtors had moved).

We do it differently now. We have definite written instructions on interviewing debtors and how to meet the most common excuses the collector will encounter. The proper answer and procedure in each case are set forth briefly and in simple language.

Instructions on tracing moved debtors are also furnished him and we take an hour or so to read over aloud with him all these instructions explaining and demonstrating such points as need explanation. Here is a list of the "Tracing Suggestions to Collectors":

- (1) Dress neatly.
- (2) Give no evidence that you are a collector.
- (3) Keep your account cards out of sight.
- (4) Do not give any indication that you are trying to collect an account until you interview the debtor himself or his wife.
- (5) On calling at the debtor's house ask in a courteous, businesslike manner, "Is Mr. Blank at home?"
- (6) If he still lives there and is not at home, give the impression that your mission is important to him and that you should see him at once.
- (7) If you act your part right, the place of employment or business address may be forthcoming. If it is not volunteered,

tactfully ask where you might reach him right away. Give the impression that you cannot wait until he gets home from work.

(8) Or if he merely boards there, you might give the impression that you are a friend from his old home town and just wanted to look him up in the few hours you had in town between trains.

(9) If he doesn't live at the address, express surprise and ask where he has moved.

(10) If the occupant says he doesn't know, get the name of the landlord, agent or owner of the property and inquire of them.

(11) If an apartment, ask the manager or janitor.

(12) Inquire of at least five neighbors, one on each side of the address, two across the street and one across the alley.

(13) Ask if there is any family or person in the neighborhood with whom debtor or any member of the debtor's family was particularly friendly.

(14) Secure all information possible as to his relatives, friends, church or lodge.

(15) Ask where he bought his groceries or if he carries any charge accounts.

(16) It is effective to carry a little package neatly wrapped and tied with a string. A small 3 x 5 card, containing debtor's name and information regarding his account, can be slipped under the string at each stop, when you know the case to be a tracer.

(17) Check the nearest grocery store, drug store, doctor, dentist, dry goods store, butcher shop, cobbler shop, cleaning and dyeing shop, barber shop, or any near-by store, for information.

(18) If there is a filling station near-by, make inquiry there as debtor may have owned a car.

(19) Ask if he had any children going to school. If so, get name of school and learn to what school the children were transferred.

(20) Ask if he carried insurance and if so in what company.

(21) If debtor moved recently ask neighbors the name of transfer company that moved him.

(22) If you find a person you think knows more than he cares to tell, you might give the impression that you want to reach the debtor to make an inquiry about a *third party* whom you are very anxious to reach.

(23) Never divulge to a stranger that you have a bill against the person you are trying to locate.

(24) It is sometimes wise to give the impression that it is important to the debtor *that he see you*.

(25) Remember your best information does not always come from a debtor's friends. Sometimes an unfriendly neighbor will be found who will take delight in giving you all the information he (or she) can. Should you happen upon such a person, always assure him that all information will be held strictly confidential—and *keep that promise*.

(26) In case the debtor is a maid, chauffeur, cook, waitress, housekeeper, nurse, butler or laundress, find out from the debtor's last employer the name of the employment agency through which the employer obtained the debtor. Employment agencies are usually kept informed of the latest addresses and phone numbers of their clients and the agency often knows the new job of the debtor.

(27) If you see an insurance collector working that territory, inquire of him.

(28) Don't overlook the children. If you see any children



playing in the neighborhood, inquire of them. The children of the "skip" may have been playmates and may still be living somewhere near by.

(29) If you see a gas, electric, or water meter reader in the block or in the neighborhood where debtor formerly lived, ask him. Quite often he can give you debtor's new address. In fact, he may still be on the meter reader's route.

(30) If the meter reader cannot give you debtor's new address, the central office of the gas or electric company in many cities will tell you if the service has been transferred and to what address.

(31) Ask the ice man. The debtor who has moved may have been a customer of his and may still be a customer in his new location.

(32) Don't overlook the newspaper carrier or collector.

(33) Around Christmas time you might say to a neighbor of your missing debtor, "We are sending out Christmas checks, and I am calling to learn how Mrs. Blank (name of debtor) wants hers addressed." Even though you do not say you are from a bank, they will assume that you are and if they know debtor's address they will usually give it to you.

(34) At debtor's former place of employment find, if possible, the worker with whom he was especially friendly. He may know where his "buddy" may now be located.

(35) As soon as possible write down all the information you have learned as well as the date you received it.

Although the above instructions are brief, each one is elaborated upon in our first conference with the new collector, so that all he need do is review the suggestions from time to time and the proper application of the idea comes to him.

A copy of my book, *Proven Plans to Speed Collections*, is placed in the hands of the new collector and he is requested to study the above instructions as well as all the other tracing schemes and ideas in the chapter on "Locating Skips."

Of course only certain of these suggestions can be used in each case but, by having them available in writing so he can review them frequently, he eventually stores them away in his mind and is able to use each one just as the necessity and opportunity arise.

## The Credit Bureau's Place in Relief Administration

(Continued from page 23.)

I believe to be a general condition in most relief offices.

Lacking a much-needed law compelling all employers of labor to report to local relief offices all engagements, dismissals, resignations, etc., the next best step is the engaging of the services of the credit bureau—not only to pass upon the original application but also to keep all relief recipients signalled in their file and to report to the relief office all changes in status of all such individuals which come to their attention daily: Employment, inheritances, births, deaths, marriages, felonies, admissions to hospitals, etc., and also any applications for credit which these individuals might make to member stores.

If this were done, current information would be forthcoming to the relief office which would enable them to intelligently make both their original outside investigation and their subsequent check-ups, and at a cost which would be only a small fraction of the amount saved. Under the present system they are working entirely in the dark!

Nothing short of organized effort on the part of the merchants and professional men who comprise both the

membership of the credit bureaus and a large percentage of tax contributors will bring about the necessary change of attitude on the part of civic authorities. The savings to be effected, however, more than warrant any effort which may be necessary to effect this change.

The professional social service workers and the pressure they are able to bring to bear are the chief obstacles to be overcome, as these people have thoroughly convinced themselves that up-to-date business methods cannot be applied to their problems. Direct relief is, in fact, purely a business problem and should be handled as such. Only the social complications involved should concern the social worker, and every city is well supplied with private organizations, usually publicly endowed, well equipped to deal with these latter problems.

## Prompt Collections -- Lifeblood of Business

(Continued from page 7.)

suffer financially, to say the least. But—this realization is also taking away the credit manager's alibi, and is placing the responsibility squarely on his or her shoulders! His dreams have come true, and only time will tell how beautiful they were.

The old credit manager had his faults, and four alibis for every fault. But that is gone now. He asked to be made "Manager of Credit Sales," and that was granted. He asked that his work be made a profession, and that he be given a voice in the business. He asked for a larger budget to operate his department, enabling him to increase and improve his personnel.

All of this has been granted, so now there can be no excuses. He is now in a position to *help build*. In every business, building is constant, and *no one department* of business is in a better position to build than that of credit sales. With increased prestige come increased demands upon all of us. "We are on the spot."

We can now build on a plan of prompt collections that will make the customer appreciate his ability to pay, as well as appreciate the merchandise and service we have to offer. This can be done by an efficient Manager of Credit Sales, with a proper credit department *under his control*.

Prompt collection hinges on careful credit granting. Careful credit granting is based on a definite knowledge of the principles of business *and the principles of credit*.

For the business, prompt collections furnish the lifeblood of needed funds, keep the cost of carrying accounts receivable at a minimum and, oftentimes, will make the difference between success and failure in the enterprise.

## New York Joins Ranks of Credit Women's Clubs

The Credit Women's Breakfast Club of New York City was organized October 8, more than twenty credit women being present at the organizational meeting.

Miss Jennie C. Connolly, Credit Manager of the Mark Cross Company was elected President; Miss Nancy Haggerty, Nancy Haggerty, Inc., Vice-President; Miss Kathleen Daly of F. A. O. Schwarz, Treasurer; and Miss Alice Gray, Credit Bureau of Greater New York, Inc., Secretary.

# Two Inserts for "New Year" Statements

HERE are two special inserts, designed especially for use as statement enclosures during the New Year period. They can be used singly or as a series of two—one in December, the other in January.

## It's An Old Chinese Custom

IN CHINA, the ancients, at the beginning of the New Year, following a time-honored custom, called on all their creditors—and paid their bills—in full!

The New Year is a time of good resolutions—a good time to arrange to pay all past due bills and then—arrange finances so that future bills can be paid promptly when they are due or according to agreement.

Prompt payment builds a good credit record and promotes prosperity.

*A good credit record is priceless. Pay all bills promptly and protect it!*

## National Retail Credit Association



The insert above urges payment of all bills—in full—as a good beginning for the New Year. For this reason it should be enclosed in "end-of-December" statements.

Printed in bright red and green inks, it has an "eye-catching" attractiveness which assures its being read. This same message can be furnished in mats for newspaper advertising also; this would give added strength to the enclosures.

We recommend that local associations combine the requirements of their members—order enough inserts to take care of all of them—and also use the mats in newspaper ads to appear immediately after Christmas.

On such orders—if in sufficient quantity—we will gladly quote special prices with the name and address of the local association (instead of the National's) imprinted. Orders must be received before the end of this month to assure delivery in time for December statements.

The insert below can be used singly or in January statements as a follow-up to the December insert.

However, the use of the two inserts in conjunction with the newspaper ad mentioned above will give your community a combination newspaper and direct mail "New Year's" pay-promptly campaign that will prove doubly effective.

The price of either insert is \$2.50 per thousand, post-paid. Actual size of inserts is shown by dotted lines.



## "I've Turned Over A New Leaf, Son!"

"I've made just one New Year's resolution—to pay my bills promptly when they're due.

"The ups and downs of last year taught me the value of a good credit record. I'm going to pay my bills on the tenth of the month from now on.

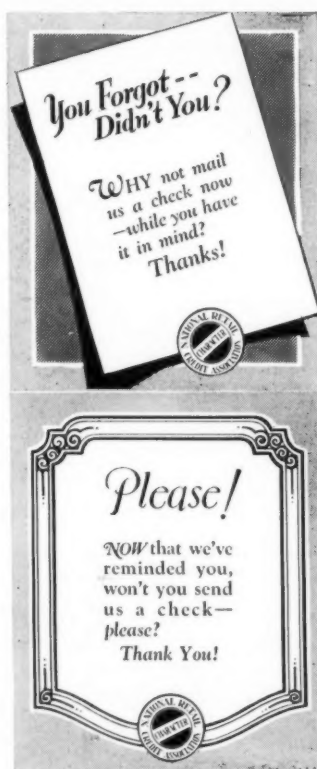
"That's a mighty good resolution for you, too, Son!"

## National Retail Credit Association



(Order from your credit bureau or the National Office.)

For further information write the National Retail Credit Association, 1218 Olive St., St. Louis, Mo.

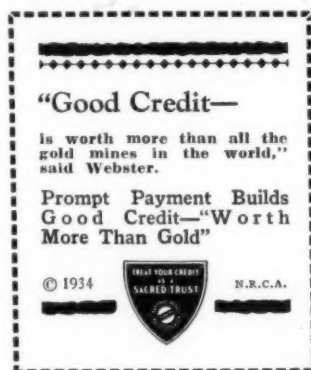


## National Collection Stickers

### 1. "Standard"

Five in the series, exact size as shown (upper half of this page), printed in two tones of blue on gummed white paper.

Prices, 1,000 of any one sticker, \$2.00; 1,000 assorted, \$2.50; 500 assorted, \$1.50.

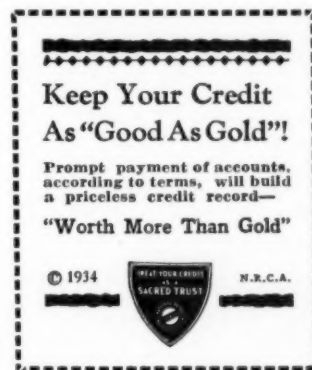


### 2. "Gold"

An outstanding series—rich and dignified looking: Printed in royal blue, on special gold paper. Five in series (shown on lower half of this page). Actual size,  $1\frac{3}{4}$ " x 2". (Dotted lines are not part of stickers but are only "size indicators.")

PRICE, \$3.00 PER THOUSAND

Order Either Series from Your Credit Bureau or—National Retail Credit Association, 1218 Olive St., St. Louis.





# "The First Four Pages of Your Blue Book of Credit and Collection Letters Are Worth the Price I Paid for It!"



## Read the Letter:

Gentlemen:

With reference to the Blue Book of Credit and Collection Letters, which the writer purchased a short time back:

I am frank to say I think the introductory or first four pages of this book are worth the price I paid for it.

These pages contain good sound advice that is worth a great deal to anyone in credit work and more especially to those who are just starting out. If I were a beginner I would not be without this little book for twice the price.

*I think the letters are splendid and the whys and wherefores that go with them are so helpful, I do not believe anyone in this line of work will ever regret the purchase of one.*

Yours very truly,

L. V. Gibbs, Credit Mgr.  
M. Levy Co., Inc.  
Shreveport, La.

**T**HIS book, prepared especially for the members of this Association, contains tested, proved collection letters; letters to revive inactive accounts and letters to bring in new accounts; "skeleton" letter ideas that you can adapt to your own letters.

Letters for every credit and collection department need—33 of them—any one of them worth more than the special price we have made on this book.

"Good horse sense in every line of it," wrote one member. "Wonderful letters"; wrote another, "and worth plenty to retailers who will use them." Hundreds of letters complimenting the book have been received. Read the typical letter at the left.

A glance at the subtitles will give you an idea of its contents:

Make Your Letters More Effective—With the "You" Viewpoint

The Secret of Prompt Collections—Uniform Credit Procedure

Starting New Accounts Off Right (With a series of letters for use on new accounts)

Educating Old Customers to Pay Promptly (With a series of letters for use on old accounts)

Installment or Budget Account Letters

Special Letters for Special Problems

Letters to Revive Inactive Accounts (With reports of actual results)

Letters That Build New Charge Account Business (Actual letters shown)

**SPECIAL PRICE \$1.00 POSTPAID**

(To members only; to nonmembers,  
\$1.50 postpaid)

## National Retail Credit Association

1218 Olive Street

St. Louis, Missouri

Over 7000 copies now in use by National Members!

